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Gloom on U.S. Ties to North Korea Intelligence Study Predicts Failure on Nuclear Inspections

By R. Jeffrey Smith

WASHINGTON — A comprehensive new United States intelligence analysis has forecast that the Clinton administration's efforts to get North Korea's approval for inspections of its most sensitive nuclear-related plants will fail, according to U.S. officials.

the rhetoric by telling reporters for U.S. News & World Report magazine that "there is no cause for any great alarm on the part of the American people or the North Koreans for that matter."

"On the other hand," he said, "they should clearly know that we are responsibly thinking about every conceivable thing that could happen, bad and good."

"I still think there's a chance that we can put them in a position where they can crawl back off this ledge they are on, and I certainly hope they will," The Associated Press quoted Mr. Clinton as saying.

The Pentagon said last month that U.S. military officials were stepping up their contingency planning for war on the Korean peninsula.

The new U.S. intelligence estimate was prepared jointly by senior officials at the Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency and other intelligence agencies, but contains a strong dissent from the State Department's Bureau of Intelligence and Research. Officials at the State Department, which is managing the negotia-

tions, held to their longstanding view that North Korea eventually may allow inspections. Defense Intelligence Agency officials took the most pessimistic view, stating in the estimate that North Korea would not allow any new inspections. Its analysts long have claimed that North Korea merely was using the negotiations to buy time while continuing development of a nuclear weapon.

CIA officials adopted an intermediate position, characterized by several sources as "the majority view" among all intelligence agencies, that North Korea might be persuaded to accept new inspections of two facilities: a civilian reactor containing spent fuel laden with plutonium, and a facility for reprocessing more plutonium. But the CIA view was also that North Korea would not accept inspections of two nuclear waste sites allegedly harboring evidence of how much plutonium it has already made.

The document assigns what several officials said was a low probability to the possibility that North Korea already may have assembled crude nuclear weapons or will complete one soon.

Europe's Ailing Pensions Prized System Heads for the Rocks

By Erik Ipsen

LONDON — Of all the promises made by postwar European governments to their voters, none has come back to haunt the current generation of political leaders like the pledge of generous state-backed retirement plans.

And of all the social welfare programs, none is nearly as costly or as troubled as the bulk of Europe's state pensions.

"These are fair weather systems only," said Norbert Walter, chief economist at Deutsche Bank in Frankfurt.

In the era after the war, when the economies of Europe were expanding rapidly and employment rolls were swelling, most governments opted for generous pay-as-you-go state pension plans. Those working would, through payroll taxes, finance the bulk of the retirement payments for the older generation.

There was no talk of building up reserves for a rainy day and no need to be temperate in setting such things as retirement ages, much less the level of retirement benefits. The legacy of that optimism is now widely evident.

In France, for example, one of every two people between age of 55 and 60 lives on

Second of two articles

retirement benefits. Statistics show that their standard of living actually rose once they left their jobs. Now France is discovering that its economy cannot afford it all.

"We've been very generous and now we must pay," said Denis Kessler, president of the Federation of French Insurers.

He projects that a rapidly aging population could push the financing of the state pension plan from 12 percent of the country's gross domestic product now to 18 percent.

See PENSIONS, Page 4

Job Growth Gives Proof Of Resurgent U.S. Economy

Unemployment Rate Fell to a 3-Year Low Of 6.4% in November

By Lawrence Malkin

NEW YORK — A healthy pace of job creation reported Friday ensured that the U.S. economy would close out the year with strong growth. With manufacturing employment finally improving and most industrial indicators pointing upward, forecasts for next year's economic growth looked on track at about 3 percent.

The Labor Department reported that the economy generated 208,000 new jobs in November, enough to absorb some of the unemployed instead of just keeping up with growth in the labor force. It was the fifth time this year that monthly job growth exceeded 200,000.

This trend has finally started bringing down the unemployment rate, which plunged four-

Unemployment surged in Western Germany last month. Page 11.

tenths of a percentage point to 6.4 percent in November. That is the lowest rate since January 1991, when the country was leading into recession, and the drop was the largest in a single month since the country was coming out of recession a decade ago.

"We are launched into the best part of the economic expansion," said Allen Sinai, chief economist of Lehman Brothers. "The fundamentals have finally come right after many years. This is not something that just happened in the past year; the pluses outweigh the minuses and they are mainly structural, not just part of the cycle of recovery."

Also Friday, the Commerce Department said its chief forecasting gauge, the index of leading indicators, rose 0.5 percent in October, its third successive monthly gain. Factory orders rose 1.2 percent because of gains in automobiles and aircraft. But an expected slowdown in car sales in December, after strong November sales that were reported Friday, and layoffs at Boeing Co. indicate that the spurt of factory activity is moderating, relieving fears of overheating.

Indeed, financial markets gave no sign Friday of panicking at any imaginary inflation demons. The stock market was quiescent, and the government bond market, whose low interest rates have helped underwrite the recovery, barely moved. Oil prices, which dropped to a five-year low Friday, also helped improve the price and profit picture.

"The economy is doing better than most people give it credit for," said Byron Wein, chief investment strategist at Morgan Stanley & Co. "Interest rates have done their job, and now it is the turn of increased earnings to do it."

The White House was almost euphoric at the broad economic scenario of moderate growth and low inflation, and the Clinton administration's chief economist, Laura D'Andrea Tyson, warned conservatives in Congress not to derail it by trying to slash the deficit any further. Like a number of private economists, she described the recovery as "sustainable," an important qualification rarely heard during the last 18 months of seesaw recovery.

President Bill Clinton said the U.S. economy was moving in the right direction in employment, investment, inflation and interest rates, and now needed more of a boost from sluggish economies in Europe and Japan if the expansion was to spread to ordinary Americans.

Trying to nudge world trade talks, which are heading toward a climax in Brussels, he said: "We must grow the global economy if the rich countries... are going to have growing economies and more jobs."

Thirty thousand new manufacturing jobs were created in November, the largest monthly gain in three years, and most of the gain took place in metal products, computers and capital goods, rather than being concentrated in automobiles. Moreover, the average workweek for manufacturing employees edged up one-tenth of an hour to 41.7 hours, highest since the end of World War II, and overtime moved up one-tenth of a percent to the highest level since these statistics began to be kept in 1956.

"Manufacturing has finally gotten to the point where if they make another widget they will have to hire another worker," said Cynthia Latta of DRI/McGraw Hill, although she said this did not mean the economy was heading into a traditional post-recession boom.

Consumers are financing Christmas purchases out of savings, which means they will tail off in the new year. Furthermore, new hiring will not include the high-paying defense jobs

See JOBS, Page 10



LAST FAREWELL — Troops and police were overwhelmed by the crowd in Medellín that came to see the body of the slain Colombian drug lord, Pablo Escobar Gaviria. Page 5.

France Hints At a GATT Breakthrough

Compiled by Our Staff From Dispatches

PARIS — Foreign Minister Alain Juppé of France said Friday that a "complete draft agreement" in the Uruguay Round of world trade talks would be submitted to European Community foreign ministers when they met on Monday.

His comments came as a spokesman for President François Mitterrand said that the president had had a 20-minute telephone conversation with President Bill Clinton of the United States on Friday.

Although the spokesman did not say what the two leaders had discussed, the report buoyed a growing sense of optimism that the talks might be approaching a breakthrough. A

Even if it signs on to a trade accord, France still has its people to convince. Page 4.

conflict in recent months between Paris and Washington has been one of the last major impediments to the talks.

Mr. Mitterrand said earlier on Friday that "the most recent indications that have come to me seemed to be more optimistic."

Negotiators are trying to wrap up an agreement by the Dec. 15 deadline required for rapid approval by the U.S. Congress on whatever settlement is reached.

In spite of the growing optimism, however, developing countries were voicing frustration over the failure of the industrialized world to promise them significant market openings.

Their concerns over the direction of the Uruguay Round were supported by figures released Friday by the General Agreement on Tariffs and Trade showing that they stood to gain far less than hoped.

The study said a treaty emerging from the round would give an annual boost to the world economy of \$230 billion over the next decade. But the figures also showed that barriers would remain relatively high in sectors important for many developing countries such as finished leather, textile products and fish.

Syed Jamaluddin, an envoy from Bangladesh, said that the GATT study showed the world's poorest states were "clear losers." "There is a deep imbalance in the exchange of concessions in the areas of interest to developing countries," said Belkishman Zuhdi, ambassador from India.

Diplomats said envoys from many emerging economies reported that their governments would give an annual boost to the world economy of \$230 billion over the next decade. But the figures also showed that barriers would remain relatively high in sectors important for many developing countries such as finished leather, textile products and fish.

A delegate from Brazil said that if there were any further reductions in what his country stood to gain from the round, "my government is fully prepared to modify or even withdraw its own offers." (Reuters, AP, AFP)

Newsstand Prices

Andorra	9.00 FF	Luxembourg	60 L.	Fr
Antilles	11.20 FF	Morocco	12 Dh.	
Cambodia	700 CFA	Qatar	8.00 Rials	
Egypt	9.00 FF	Réunion	11.20 FF	
France	9.00 FF	Saudi Arabia	3.00 R.	
Greece	280 Dr.	Singapore	480 CFA	
Germany	480 CFA	Spain	200 PTAS	
India	280 Dr.	Tunisia	1,000 Din.	
Ivory Coast	540 CFA	Turkey	T.L. 10,000	
Jordan	1 JD	U.A.E.	2.00 Dirh.	
Lebanon	1.50 U.S. Mil.	U.S. Mil.	(Eur.) \$7.10	

Kiosk

Diana Cuts Appearances

Diana, Princess of Wales, announced Friday that she would be cutting back on her public appearances in the new year to escape the relentless glare of publicity and to devote more time to her children. She made the announcement at a charity luncheon in London. She attends about 250 charity events a year, a pace that she indicated would be substantially reduced. She said, "I hope you can find it in your hearts to understand and to give me the time and space that has been lacking in recent years."

She made no reference to her estranged husband, Prince Charles. She indicated that the queen supported her decision. (Page 2)

Haitian Military Blinks

WASHINGTON (Reuters) — Prime Minister Robert Malval of Haiti said Friday that he found Haiti's military command ready to compromise to end the nation's political crisis.

Mr. Malval was in Washington to confer with Haiti's exiled president, the Reverend Jean-Bertrand Aristide, and U.S. officials.

The prime minister said he had received no concrete assurances from the command, including Lieutenant General Raoul Cédras, and he did not say whether he discussed Father Aristide's return with them. But he added: "There was a mood of compromise. Not something concrete, but the mood in itself is something new."

Gore Rides to a High-Profile Rescue of Foreign Policy

By Ann Devroy and Daniel Williams

WASHINGTON — If the subject was foreign policy, he was there this week: announcing a private-sector development program for the West Bank; attending a series of events with seven Central American presidents, flying to Mexico for a speech on Latin American relations, and returning to Washington to prepare for a trip to Russia and Eastern Europe later this month.

This schedule belonged not to the president

or the secretary of state, the titular heads of America's foreign-policy establishment, but to Vice President Al Gore, who has assumed a new role as high-profile foreign-affairs spokesman.

Mr. Gore's new visibility represents one piece in a mosaic meant to improve Bill Clinton's foreign-policy operation in the aftermath of the president's poor handling of crises in Somalia, Bosnia and Haiti.

The new moves seek to compensate for Mr. Clinton's detachment from foreign policy, the erratic communications skills of Secretary of

State Warren M. Christopher, and the gaps that have appeared in policy coordination and crisis monitoring at the White House.

The steps include a presidential commitment, obtained by Mr. Christopher, to convene a weekly meeting of the top foreign-policy advisers, although only two such meetings have taken place since Nov. 12.

Other steps include an internal management review of National Security Council operations; creation of crisis management "tiger teams" at the Defense Department, and desig-

nation, at Mr. Christopher's suggestion, of individual officials to take interagency responsibility for issues when they approach a crisis stage.

None of the measures, administration officials say, fundamentally changes the way foreign policy is developed or the basic positions of the Clinton administration. Instead, they are meant to compensate for a president with no intrinsic interest in foreign policy who sees himself as politically bound to address the

See GORE, Page 4

Sex by the Rules: At Antioch College, Practice Hasn't Made Perfect

By Jason Vest

YELLOW SPRINGS, Ohio — Fear blazes in Justin Wilks's eyes. "I'm 6 feet 3, 208 pounds, black, and I feel threatened."

There is a thundering emphasis on the last word. Even though the hushhime crowd here at the Winds — one of the finer off-campus estates in Yellow Springs, home of Antioch College — seems genial and nonthreatening, Mr. Wilks casts a wary eye over his listeners before he goes on.

"It's tough being a guy at Antioch," the freshman says. "It's like you've got an automatic strike against you. When I first got here, we had to go to these workshops on the sexual conduct policy, which they say is supposed to improve communication about sex."

"But the first thing they do is separate the women and men. Then they go over this thing point by point, with a real threatening edge. The message was, like, 'All men are predators.' I got up and left."

He sighs, shakes his head. "Men walk a thin line here." Many students have been on edge since the stories broke this fall about Antioch's sexual offense policy: the one that

says the initiator of libidinous activities must ask for a partner's verbal consent for each step along the way.

The policy, first proposed three years ago by a feminist group called Womyn of Antioch, seems to have provided women a measure of security and respect. If nothing else, the policy has sensitized men to issues of sexual harassment and date rape.

But the policy also has divided the campus and made Antioch something of a national joke. Mr. Wilks says he knows of no one who asks for consent "every step of the way." Jenny Schwam, a senior and a lesbian, says of the policy: "It's got its good and bad points. But it sure does slow down an orgy."

No one has stopped having sex, of course. "Free love still goes on here," says Mr. Wilks. "But maybe not like the '60s."

In the 1990s, love is a bit more complicated, and not just because condoms are involved. At Antioch, the recklessness, surrender and regret inherent in human sexual congress have been codified into a nine-page policy.

To wit: "Obtaining consent is an ongoing process in any sexual interaction. Verbal consent should be obtained with

each new level of physical and/or sexual contact/conduct in any given interaction, regardless of who initiates it. Asking 'Do you want to have sex with me?' is not enough. The request for consent must be specific to each act."

Just because one has had "a particular level of sexual intimacy before with someone, you must still ask each and every time," the policy says.

The policy governs offenses ranging from rape to "non-disclosure of a known sexually transmitted disease." It applies to both sexes, to faculty and administrators as well as students, and it establishes a quasijudicial process and various punishments, including expulsion from the college.

All the media attention over Antioch's sexual offense policy might make one think it is brand new. In fact, the policy has been in effect since the fall of 1992. It's just that nobody off the campus noticed it until this semester.

Not one student has charged another with a violation. It's a cold afternoon, and once again, David Yagobian is talking with a reporter. A senior and a self-described "classical liberal," Mr. Yagobian is already an ideological heretic by Antioch standards. So acting as the long-standing critic of "the policy" comes easy for him.

The whole thing started, he recalls, after two reported rapes in 1990. While Antioch had a policy stating that complaints could be made to the dean of students, there was no clear-cut process for adjudication or punishment. The possibility of a charge getting lost in the shuffle, Mr. Yagobian says, struck a chord with certain elements of "the community" — Antioch-speak for its collective of students, faculty and staff who vote on major issues.

Then came the policy proposed by the Womyn, who have since left Antioch. According to Mr. Yagobian, the first-draft code was rife with constitutional problems.

"The accused would have no right to representation and wouldn't even know exactly what he was being accused of," he says. "And the guilt or innocence of the accused would be decided by the person who was acting as advocate for the alleged victim."

In early 1991, the community voted to adopt the policy, with the understanding that "it was a living document, something that needed to be revised and would be worked on," says Marian Jensen, dean of students. After more than a year of debate in community meetings, the college voted to institute the policy in its current form.

In Italian Runoff Elections, Fears of a Centerless Future

By Alan Cowell
ROME — Along the walls of the ancient quarter that Romans call the ghetto, the slogans and worries...

That has caused widespread alarm among Italy's 35,000 Jews, many of whom have painful memories of the racial laws that made Jews second-class citizens...

Francesco Rutelli, who represents an alliance of movements sponsored by the Democratic Party of the Left, the former Communist Party...

where, and the total collapse of its traditional allies, notably the Socialists. Those two parties had long provided the center weight of Italian politics...

WORLD BRIEFS

Moscow Accepts Tokyo's POW Toll

MOSCOW (Reuters) — More than half a million Japanese prisoners of war may have died in Siberian labor camps after World War II, 10 times the number officially listed in Moscow...

China Would Quash Hong Kong Bill

BEIJING (Reuters) — China said Friday that any election reform enacted by Hong Kong's legislature without its approval would be overturned after the British colony reverts to Chinese sovereignty in 1997...

Malaysia-Australia Dispute Lingers

KUALA LUMPUR (Reuters) — Prime Minister Mahathir bin Mohamad of Malaysia on Friday described as not conciliatory a letter from Prime Minister Paul Keating of Australia trying to cool bad feelings between the two countries...

Killing in Algeria Prompts Warnings

ALGIERS (AP) — France and Spain issued warnings Friday to their citizens in Algeria following the murder of a Spanish businessman, in what the authorities said was part of a Muslim fundamentalist terror campaign against foreigners...

16 Die in Fighting at Malawi Capital

BLANTYRE, Malawi (Reuters) — At least 16 people were killed in fighting between helicopter-backed Malawian troops and Young Pioneers in the capital Lilongwe on Friday after the authorities ordered the army to disarm the paramilitary youths...

Somali's Demand Stalls Peace Talks

ADDIS ABABA (Reuters) — Efforts to bring together Somalia's two most powerful faction leaders for peace talks ran into trouble on Friday when one of the leaders, Ali Mahdi Mohammed, said his rival, General Mohammed Farrah Aidid, must first commit himself to a cease-fire and disarm his militia...

TRAVEL UPDATE

Post-Holiday Air Fares Cut in U.S.

NEW YORK (AP) — Major U.S. airlines lowered winter fares on Friday by up to 35 percent, hoping to spur travel during the typically weak post-holiday period. Tickets have to be bought by Tuesday and the discounts can only be used for travel from Jan. 6 through March 31...

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Athens-Bonn Spat Makes EC Nervous

Bad Timing, Touchy Subject

By Dean E. Murphy
LONDON — Chancellor Helmut Kohl is ending many insults during 11 years in office, but they usually come from fellow Germans...

where the EC is headquartered. It was Theodore Pangalos, Mr. Papandreu's minister in charge of EC relations...

His remarks were prompted by news reports that Germany and other EC members were planning to establish diplomatic relations with the former Yugoslav republic of Macedonia...

"This is not the way the European Community is supposed to work," said Charles Orfanidis, spokesman for the Greek delegation in Brussels...

Normally such a spat between the richest and poorest members of the European Community would pass as a harmless curiosity...

On Jan. 1, Greece begins its six-month rotation as president of the 12-nation EC Commission, its first since the return to power in Athens this fall of the Socialist leader, Andreas Papandreu...

The Greek Socialist earned a reputation among European partners in the 1980s as being disagreeable, confrontational and obstructionist, and there is growing anxiety in European capitals that a tumultuous six months is ahead...

"We are holding our breath," said one diplomat in Brussels.

Diana Pulls Back From the Public Eye

Compiled by Our Staff From Dispatches

LONDON — Diana, Princess of Wales, announced in an emotional speech Friday that she was reducing her public commitments...



Diana, after her announcement Friday.

has ridiculed reports she was suffering from bulimia, an eating disorder. Buckingham Palace emphasized that the decision was not made for any health reasons...

A planned visit to a Moscow children's hospital, originally set for mid-January, has been postponed, and plans for a trip to Japan have been canceled.

A palace spokesman said there was to be no change in the relationship between the prince and princess, who still had no plans to divorce...

Diana and the 45-year-old heir to the British throne, who was married in St. Paul's Cathedral in 1981, announced their separation a year ago.

Royal watchers since then have speculated about divorce and an exit from the royal fish bowl, but she had kept up a busy round of public appearances.

Diana carries out about 250 public charity engagements a year, ranging from work with AIDS charities and lepers to attending concerts and making overseas trips. She is patron of more than 20 charities.

Diana has been the most popular member of the royal family in Gallup polls for the last five years. In a Gallup poll Friday, 24 percent of those questioned picked Diana compared to 6 percent for Prince Charles...

Ex-Weightlifter's Punch Stuns German President

The Associated Press

BONN — A homeless former weightlifting champion who punched President Richard von Weizsäcker in the face told the police on Friday that he wanted a day in court to talk about the president's links with the Nazis...

cut lip and a bruised nose after being punched Thursday night outside the Thalia theater in Hamburg. He was dazed, but stayed for the performance.

Bodyguards apprehended the attacker, who appeared deranged, the police said. He was identified as Gunther Horst Roersch, 48.

Mr. Roersch, the 1970 German heavyweight weightlifting champion, is homeless and hangs around St. Pauli, the Hamburg port's red-light district, said a police spokesman, Michael Wenig.

"He was a little confused," Mr. Wenig said. "He wanted to be arrested, so that during a trial he could comment about the federal president, especially during the period of the Nazi dictatorship."

Mr. Weizsäcker, whose father was a Third Reich diplomat, served in the military during World War II, as did nearly all Germans of his age. He was wounded several times and was a captain at war's end, but he was not a Nazi.

As president, a title with little power but much symbolic clout, Mr. Weizsäcker has earned worldwide praise by denouncing neo-Nazi violence and reminding Germans not to forget their responsibility for the Holocaust.

Bombs in Austria Hurt 2 Refugee Advocates

Compiled by Our Staff From Dispatches

VIENNA (Combined Dispatches) — A television journalist and a priest, both involved in refugee affairs, were wounded by letter bombs in separate incidents Friday.

feared the attacks could be part of an anti-foreigner campaign. There was no indication as to who was responsible for either bomb.

After Jewish cemeteries were desecrated last year, Chancellor Franz Vranitzky visited a graveyard doused with neo-Nazi slogans on the anniversary of Kristallnacht, the day in November 1938 when thousands of Jews were arrested and Jewish shops and synagogues smashed and burned to the ground.

Austria has strengthened legislation against neo-Nazi groups and imprisoned dozens of Nazi sympathizers this year for racist activity or belonging to banned organizations.

Gotfried Küssel, regarded as the German-speaking world's leading neo-Nazi, was imprisoned for 10 years in September for setting up a neo-Nazi organization. The sentence was the toughest of its kind in Austria in 40 years.

The journalist, Silvana Meixner, 35, lost a finger when a letter she was opening exploded at the headquarters of Austrian state television in Vienna.

Mrs. Meixner, originally from Split in the former Yugoslav republic of Croatia, is the moderator of a program for ethnic minorities in Austria.

The police later reported that a Catholic priest in Hartberg, 110 kilometers (70 miles) southeast of Vienna, was seriously wounded by a letter bomb.

The priest, August Janisch, was involved in programs to feed and house refugees from the former Yugoslavia and other areas. Officials

RELIGIOUS SERVICES

- AMSTERDAM: CROSSROADS INTERNATIONAL CHURCH... LONDON: WINGS OF PRAYER FELLOWSHIP... MADRID: INTERNATIONAL COMMUNITY CHURCH... MUNICH: INTERNATIONAL COMMUNITY CHURCH... MONTE CARLO: INT'L FELLOWSHIP... PARIS AND SUBURBS: HOPE INTERNATIONAL CHURCH... STRASBOURG: ST. ALBAN (Anglican)... TOKYO: ST. PAUL INTERNATIONAL LUTHERAN CHURCH... THE EPISCOPAL CHURCHES OF EUROPE (Anglican)... PARIS AND SUBURBS: THE AMERICAN CATHEDRAL OF THE HOLY TRINITY... BREMEN: INTERNATIONAL BAPTIST CHURCH... BUDAPEST: International Baptist Fellowship... BULGARIA: INTERNATIONAL BAPTIST CHURCH... CELLE/HANNOVER: INTERNATIONAL BAPTIST CHURCH... GENEVA: EMANUEL CHURCH... MUNICH: THE CHURCH OF THE ASCENSION...

UNITARIAN UNIVERSALISTS

- UNITARIAN UNIVERSALIST fellowships & churches in Europe: BARCELONA, BRUSSELS, GENEVA, LONDON, MUNICH, NETHERLANDS, PARIS, ST. PAULI, STRASBOURG, VIENNA, ZURICH.

ASSOC. OF INT'L CHURCHES IN EUROPE & MIDEAST

- BERLIN: AMERICAN CHURCH IN BERLIN... BRUSSELS: THE INTERNATIONAL PROTESTANT CHURCH OF BRUSSELS... COPENHAGEN: INTERNATIONAL CHURCH OF COPENHAGEN... HOLLAND: TRINITY BAPTIST... MOSCOW: INTERNATIONAL BAPTIST FELLOWSHIP... MUNICH: INTERNATIONAL BAPTIST CHURCH... OSLO: INTERNATIONAL BAPTIST FELLOWSHIP... PARIS AND SUBURBS: EMANUEL BAPTIST CHURCH... BUDAPEST: International Baptist Fellowship... BULGARIA: INTERNATIONAL BAPTIST CHURCH... CELLE/HANNOVER: INTERNATIONAL BAPTIST CHURCH... GENEVA: EMANUEL CHURCH... MUNICH: THE CHURCH OF THE ASCENSION...

U.S. to Propose Assad-Clinton Meeting

By Daniel Williams and John M. Goshko

During his diplomatic shuttle mission to the Middle East, Secretary of State Warren M. Christopher will offer President Hafez Assad a meeting with President Bill Clinton in return for a letter spelling out Syria's intention to make peace with Israel, according to officials traveling with Mr. Christopher in Europe.

The officials said Damascus had requested the meeting, but they did not specify how detailed they expected the Syrian letter of intent to be. Israel has pressed Syria to delineate a "full peace" of open borders and trade before Israel defines its plans for withdrawing from the Golan Heights, which it captured in the 1967 Middle East war.

Mr. Christopher, who has been in Brussels for talks with European allies, was scheduled to arrive Friday in Israel on the first leg of his Middle East mission and to visit Syria next week. He will be trying to revive talks between Syria and Israel to complement progress toward peace between Israel and the Palestine Liberation Organization and Jordan.

Mr. Christopher has taken up the role of Middle East shuttle diplomat, although U.S. officials have urged the Syrians to open back-channel talks with Israel of the kind that produced a breakthrough with the PLO. But so far Syria has refused to do so, on the grounds that direct, even if secret, talks with Israel are too much of a political risk for a government that has long been at odds with the Israelis.

Negotiations through Mr. Christopher, however, would give Mr. Assad a cover of dealing with the world's only superpower.

On his last trip to the region in August, Mr. Christopher carried messages between Mr. Assad and Prime Minister Yitzhak Rabin, and he has made clear his willingness to do so again, U.S. officials said. The Clinton administration has been considering ways to get each side to take "confidence-building measures" to break the impasse.

Each side would say and do things to reduce tensions, perhaps in dealings over Lebanon, where Israel and a client militia are battling militant Lebanese Muslims, some of whom take refuge in Syrian-occupied parts of the country. Any Lebanese move to make peace with Israel would first depend on Syria's making progress.

A Clinton meeting with Mr. Assad would take the same kind of sweeping away of past grievances that Mr. Clinton's September meeting with Yasser Arafat did when Israel and the PLO signed their peace accord in Washington. Syria is on the U.S. list of countries supporting international terrorism, and it shelters Palestinian dissidents who oppose the PLO accord with Israel.

Mr. Arafat is scheduled to meet with Mr. Christopher on Monday in Jordan, according to reports from Tunisia.

MEMORIAL NOTICE
In memory of Felix Aghayan, on the first anniversary of his death, a RECLINER will be reclinated on Wednesday, December 8th, at 1:00 p.m., at the Armenian Cathedral, St. Jean Baptiste, 15, rue Jean Goujon, Paris 8th.

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STATESIDE / TACKLING WELFARE

Clinton's Aim for Needy: Child Care and Job Training

By Jason DeParle
New York Times Service

WASHINGTON — President Bill Clinton's task force on welfare reform has translated his pledge to "end welfare as we know it" into a plan to spend significant new sums on child care, work and training programs. But the group says its ambitious goals can be entirely financed by cuts or savings in welfare or other programs for the needy.

The draft plan was completed two weeks ago and is subject to revisions before it is presented to Mr. Clinton. The confidential plan restates his pledge to impose a two-year limit on welfare benefits, after which recipients would have to enroll in a work program or face financial penalties.

But it holds open the possibility that the work program could be temporary, and it does not resolve the ultimate question: What would then happen to poor families who still could not find private-sector jobs?

One administration official drafting the plan called that "the \$64,000 question" that after nearly a year in office, the administration has still not answered. Like the people who devised the administration's initial ambitious health care proposals, the welfare planners did not say how much the plan would cost or specify which program cuts would finance it.

Some welfare experts voiced skepticism that a seri-

ous welfare plan could be financed simply by cutting current programs.

The working group member, speaking on the condition of anonymity, characterized the plan as "a first draft" and said it underscored the amount of detailed work still to come before one of the president's primary campaign pledges is converted to legislation.

David T. Ellwood, one of three co-chairmen of the working group, acknowledged that many decisions remain. "The whole question of how exactly the jobs will work is still very much under discussion," he said.

The financing remains a central political difficulty. Many members of Congress, Democrats and Republicans alike, think the time limit can save money and court favor with the public. But the plan makes the time limits contingent on the government providing expensive new services, like child care, and the working group members are searching for ways to pay for such care.

For now, the White House is in the midst of a vigorous internal debate over the timing of the plan. Some see the need to fulfill political promises quickly, particularly with congressional Republicans pushing a time-limit plan of their own. Others warn that fast action on welfare will produce political and financial conflicts for the health care bill, which must go through the same congressional committees.

The draft welfare plan, outlined in 29 pages, served as the basis of a Nov. 20 meeting of the working group. The administration has recruited some of the nation's leading academic experts on welfare, including Isabel V. Sawhill, a White House budget aide, and Mr. Ellwood and Mary Jo Bane, both assistant secretaries at the Department of Health and Human Services.

But the plan they finished drafting last month gives the first glimpses of how they plan to translate the president's oratory into an actual program.

In its overall vision, the Clinton plan builds on, rather than replaces, the 1988 Family Support Act, a welfare overhaul that Mr. Clinton played a central role in developing.

In addition to calling for expanded child care, training and work programs, the plan also endorses a national campaign to reduce teenage pregnancy. It calls for "dramatic improvements in the child support enforcement system" and acknowledges "there is considerable division" within the group over whether the government should make the payments itself if it fails to collect them.

The paper also acknowledges the considerable political challenges that surround a reworking of the welfare system and which, in the past, have defeated ambitious plans by Presidents Richard Nixon and Jimmy Carter. "Ugly, racist, and mean-spirited images are sometimes loudly proclaimed," the paper said.

Mr. Clinton's plan is similar to Mr. Carter's in one crucial respect: his insistence that any welfare overhaul pay for itself by offsetting cuts or savings in other programs. That is a major reason Mr. Carter's plan failed in Congress.

Bruce Reed, a White House domestic policy aide who is a co-chairman of the task force, expressed confidence that the financing would not similarly stall this plan. "The cost depends how gradually it's phased in," he said.

The Clinton plan envisions "a substantial increase" in the \$1.3 billion a year now being spent on job training programs. It would also require less in the way of state matching money.

The plan acknowledges that not everyone on welfare is physically or mentally capable of holding a job, and argues the system "must be sensitive" to granting them exceptions. Instead of job training, such people might get health or housing assistance or aid, the plan says.

★ POLITICAL NOTES ★

'Long Way to Go,' Clinton Admits on Economy

WASHINGTON — President Bill Clinton, summing up his nearly 11 months in office, said Friday his administration had turned the economy in the "right direction, but conceded that the average American "has not yet felt a significant change."

"We have a long way to go," the president said in a speech to the Democratic Leadership Council. "We still are dealing with stagnant incomes, we are still dealing with the fact that more and more people who lose their jobs lose them permanently and have to find new and different jobs."

On the other hand, he said, "We have unemployment down, investment up, no inflation and low interest rates. We are moving in the right direction."

While touting the successes of his first year, Mr. Clinton raised a cautionary note: "This country is dealing with structural economic challenges of 20-year duration. We are reversing economic policies that have been building for 30 years. We are reversing economic policies that were in place for 12 years."

"We will not be able to turn this around overnight. The average American has not yet felt a significant change in his or her economic circumstances. But look at the direction we're going in." (AP)

Agency Backs Most of Gore's Proposals

WASHINGTON — Vice President Al Gore's National Performance Review got a boost on Friday. A report from the General Accounting Office, the watchdog arm of Congress, objected to only one of the 384 Gore recommendations aimed at "reinventing government."

In its first assessment of the Gore recommendations, the accounting office strongly agreed with 116 proposals and generally agreed with 146 of the recommendations. It said it could not judge 121 recommendations because it had not done work in those areas or had insufficient information.

The largely favorable report may take some of the sting out of an analysis by the Congressional Budget Office last month that showed Mr. Gore's proposals would fall dramatically short on the cost savings that had been promised.

The General Accounting Office report, however, expressed some reservations, including concern about the recommendation to cut 252,000 workers over the next five years.

"Across-the-board reductions that do not recognize the differing capabilities of agencies to absorb such cuts could significantly exacerbate existing gaps in agencies' abilities to meet their missions," the report said. (WFP)

Patience, Inaugural Invitations Are in the Mail

WASHINGTON — Senator David H. Pryor has come up with an explanation why a lot of Bill Clinton's friends and neighbors did not get their promised invitations to his inauguration.

It seems that an airplane container filled with 40,000 pieces of mail, including last year's Christmas gifts and presidential inaugural invitations, got lost at an airport in Blytheville, Arkansas. The mail, most of it from the Washington-Baltimore area, was discovered Monday and is "now wet and moldy," said Mr. Pryor, an Arkansas Democrat.

Postal officials confirmed the senator's account and said they were trying to deliver the mail as quickly as possible.

Mr. Pryor, chairman of the Senate subcommittee that oversees the U.S. Postal Service, demanded that Postmaster General Marvin T. Runyon apologize for the delay. (WFP)

Quote / Unquote

President Clinton, asked about former Vice President Dan Quayle's role in criticizing single-parent families, highlighted by his attack on the TV character Murphy Brown: "I read his whole speech, his Murphy Brown speech. I thought there were a lot of very good things in that speech. I think he got too cute with Murphy Brown, but it is certainly true that this country would be much better off if our babies were born into two-parent families." (Reuters)

Away From Politics

• The Hubble Space Telescope was shut down Friday as shuttle astronauts closed in on the \$1.5 billion flawed observatory to make repairs. Ground controllers switched the telescope to low power and closed the protective door over the mirror in preparation for rendezvous and capture operations on Saturday. Astronauts plan to install 11 new parts in the telescope, including corrective optics.

• The annual cost of depression in the United States is \$43.7 billion, on a par with heart disease, a new study shows. About 11 million people suffer from depression in a given year, and nearly two-thirds go undiagnosed and untreated, according to the findings, which were published in The Journal of Clinical Psychiatry. Frederick Goodwin, director of the National Institute of Mental Health, said that clinical depression ranked second only to advanced coronary heart disease in the total number of days patients spend in the hospital or at home.

• Mayor-elect Randolph Giuliani has named William J. Bratton, the flamboyant police commissioner of Boston, to lead the New York City Police Department. For Mr. Bratton, the appointment marks a triumphant return to New York City, where he won wide praise during 21 months at the helm of the transit police.

• The man who killed three state unemployment workers and a police officer in Oxnard, California, had been turned down for jobless benefits and lost an appeal that went all the way to the Supreme Court, according to documents he left behind. The rampage ended when Alan Winterbourne was shot to death by the police after he went to a second unemployment office in Ventura.

• The military has its first Islamic chaplain, Abdul Rasheed Mohammed, of Buffalo, New York, was sworn in as a first lieutenant Friday and assigned to the army's basic chaplain course, the Pentagon said. Upon graduation next April, he will be stationed at Fort Bragg, North Carolina. There are about 2,500 Muslims in the armed forces.

• Global warming could mean big trouble for the Southwest, a federal study shows. It warns that the effects of temperature increases of 2 to 4 degrees centigrade could bring dramatic reductions in hydroelectric power generation, severe water shortages for Arizona cities, widespread crop damage in Southern California and Northern Mexico and the degradation of fish and wildlife habitat from Colorado to the border with Mexico. (LAT, NYT, AP)



AWAITING SENTENCE — Damian Williams, who was convicted in the beating of a Los Angeles truck driver during the April 1992 riots, listening to arguments during a hearing. He faces up to 10 years in prison after being found guilty of felony mayhem.

Murder-Suicide of 3 Officers Shakes Navy

By Fern Shen and Christine Spolar
Washington Post Service

WASHINGTON — People expected special things from Kerry O'Neill, George F. Smith and Alton Grizzard, who knew each other as midshipmen at the U.S. Naval Academy in Annapolis and wound up near each other again at posts in San Diego.

Ensign O'Neill, 21, had it all, friends and teachers said: brains, looks and athletic gifts that made her a track star at the academy where she graduated in May.

Ensign Smith, 24, had just completed an elite program in Groton, Connecticut, for nuclear submarine engineers.

Lieutenant Junior Grade Grizzard, 24, a former star quarterback, would have ended up an admiral, predicted an official in Annapolis. "I told people we would hear something great from him," said another.

Early Wednesday, two days after Ensign O'Neill broke off her engagement with Ensign Smith, three lives full of promise ended in violence.

The police said Ensign Smith, evidently distraught about the breakup of the four-year relationship, walked to Ensign O'Neill's apartment at the Naval Amphibious Base in Coronado, near San Diego, and shot and killed Lieutenant Grizzard, who was visiting her. He shot and killed Ensign O'Neill and then turned the gun on himself. He died later in an ambulance.

Ensigns Smith and O'Neill had been separated for some months. After school in Groton he had moved back to his native California in the past 10 days. She had moved to Coronado and reported for duty Oct. 12, according to navy officials.

A detective said she had wanted to end the engagement because "she said she had other plans for her life," and Ensign Smith apparently accepted her decision at first. But he was also bitter, friends told detectives. He tried to change her mind and wrote her a 13-page letter which was found in her apartment that night.

The letter, in so many words, said he wanted her back, according to Detective Dan Winner. The detective said the two appeared to have

spoken and argued the night before the shooting. Early Wednesday, Ensign Smith carried two guns by the security guard at the amphibious base and then by the desk clerk of Bachelor's Officer Quarters and up to Ensign O'Neill's sixth-floor studio.

Lieutenant Grizzard apparently opened the door, detectives said. Neighbors told the police they heard angry words and then shots.

At the academy, Ensign O'Neill's athletic accomplishments brought her the school's top honor for a graduating woman athlete — the Vice Admiral William P. Lawrence sword. She earned 12 varsity letters, four in cross-country, four in indoor track and four in track and field. She also set three women's records at the school: the fastest time on the cross-country course and the fastest indoor and outdoor 5,000 meters.

Lieutenant Grizzard, playing quarterback in 1990-91, was navy's all-time total offense leader and became the fourth player in academy history to rush for 2,000 yards in a career. In his senior year, he set a record by passing for 12 touchdowns.

Publisher Steps Down at Los Angeles Times

The Associated Press

LOS ANGELES — David Lavenhol has announced his retirement Jan. 1 as president of Times Mirror Co. and publisher of its flagship newspaper, the Los Angeles Times, because he is being treated for Parkinson's disease.

Mr. Lavenhol, 60, said in a memo to the staff of the Times that he would become editor at large of the newspaper, a role that "will be a little less demanding, which will be helpful personally."

He will be succeeded as publisher by Richard T. Schlosberg 3d, a senior vice president of Times Mirror Co. He joined the group in 1983 as publisher of The Denver Post.

and was president of the Times in 1988-90.

Robert F. Erburu, 63, remains chairman and chief executive officer of Times Mirror, and will assume the title of president.

Shelby Coffey 3d, editor of the Times, called Mr. Lavenhol "one of the great leaders of American publishing, a shrewd and genial innovator who has led us smartly through a tough recession."

Mr. Lavenhol has been president of Times Mirror since 1987 and publisher of the paper since September 1989. He was editor of Newsday, Times Mirror's Long Island-based daily, from 1970 to 1978, and was then publisher of Newsday until he joined the Times.

He previously worked at The Washington Post.

Mr. Lavenhol has served as chairman of the Pulitzer Prize board and is chairman of the International Press Institute. He is a member of the board of the Newspaper Association of America and director of the American Press Institute. He was elected to a three-year term on The Associated Press board this year.

Dining Out

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Rabin Cautions U.S. to Stay Out of Talks on Self-Rule

By Clyde Haberman
New York Times Service

JERUSALEM — As Secretary of State Warren M. Christopher arrived to push Middle East peace talks forward, Prime Minister Yitzhak Rabin said Friday that the United States should stay out of negotiations between Israel and the Palestine Liberation Organization on bringing about Palestinian self-rule in the West Bank.

Israel television on Friday night showed Israeli civilians shooting repeatedly at Arab stone-throwers while soldiers made no attempt to intervene and in one instance ran in the opposite direction.

United States will step in and force Israel into concessions. For this reason, they say that they regret the timing of the visit by Mr. Christopher and hope he will bring on Israel's stalled peace talks with Syria.

security for settlers and the size of one of the first autonomous regions — the West Bank town of Jericho.

If a GATT Deal Comes, Balladur Will Still Have The French to Convince

By Alan Riding
New York Times Service

PARIS — France must be the only country in the world where GATT is a four-letter word, a frightening symbol of a perilous U.S. plot to drive French farmers off the land, to crush French culture in Hollywood's vice and to rob France of its very identity.

European negotiators was insufficient. But even in Paris, the expectation is that France will eventually sign onto GATT.

U.K.-Irish Talks Produce Heat but No Framework for Peace

By James F. Clarity
New York Times Service

DUBLIN — After seven hours of apparently heated discussions, the prime ministers of Britain and Ireland failed Friday to reach agreement on a new formula that would lead to an end to violence in Northern Ireland and pave the way for formal peace talks involving the Irish Republican Army.

Friday's talks took place at Dublin Castle, a 17th-century bastion that was the seat of British colonial power in Ireland until 1922, when Ireland gained independence while the six northern counties remained part of Britain.

points of disagreement. For weeks, both have made it clear what they wanted from Friday's meeting, which had originally been billed as a summit meeting, but was downgraded to a simple meeting when disagreement developed.

likely to provide Mr. Adams and Sinn Fein with a strong argument to the IRA to agree to end its violence.

PENSIONS: For Europe's Retirement Plans, It's Rough Weather Ahead

Continued from Page 1

cent in 20 years' time. This would be a crushing burden on France's shrinking work force.

of jobs. In particular, experts decry the recent calls for everything from shorter work weeks to more holidays and earlier retirement ages.

well pensions will go up, and it is bad they will go down," said John Ahlmark, press secretary to the Swedish and social insurance minister.

GORE: Rescuing Foreign Policy

Continued from Page 1

The vice president's foreign-policy credentials stem from his involvement as a senator in such key issues as arms control.

Even Mr. Balladur's political future may be in the balance. Since taking office in March this year, he has enjoyed such popularity that he is now widely considered the front-runner for the May 1995 presidential elections.

Thousands

Shelling in Sarajevo Leaves 4 Civilians Dead and 16 Hurt

Reuters

SARAJEVO, Bosnia-Herzegovina — Snipers killed several civilians here on Friday after Bosnia's rival leaders ended peace talks in Geneva without a settlement.

Alija Izetbegovic, Bosnia's Muslim president, returned to the besieged capital on Friday after peace talks in Geneva with rival Bosnian Croat and Serbian leaders ended without a resolution to territorial disputes.

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PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Buying Off North Korea

By Russ... It was tempting to think that North Korea might be bargained out of making the Bomb. It is still possible that bargaining will work. But it is necessary for the world to see the risks involved in trying to buy off Kim Il Sung; to recognize that the attempt may fail; and to be ready for what surely he is likely to do.

The latest twist in these tortuous negotiations is not hopeful. North Korea had been asked to make one tiny concession — a re-signing of its nuclear plants to routine international checks, which it had no qualms about stopping in the first place — as the preliminary to another meeting with the United States. This new meeting was hoped, might win North Korea's acceptance of a much more thorough inspection (which could really find out if it is building a nuclear bomb) in exchange for an impressive list of things America could do in return.

It has probably not worked. The North Koreans apparently are still unwilling to allow even those routine checks to be resumed. The suspicion grows that they are playing for time, while their bomb-making proceeds. There are, anyway, clear risks in the Danes' field approach. Some of the things the Americans are offering (diplomatic recognition, self, though it may be in the circumstances be justified. But another concession — halting the joint American-South Korean military exercise — is much more dangerous to us. Kim Il Sung, who has invaded South Korea once, is again talking of war. His

Since independence in 1947, despite notable wobbles, India has heaved to the democratic and secular compact that has kept a huge, highly diverse country from flying apart. That Gandhian compact has been severely tested by a Hindu nationalist movement called the Bharatiya Janata or Indian People's Party. Hindu voters in recent years turned this minor party into a major force in state and national elections. Many were drawn to its promises of change, and an end to "oppression" of "minorities," meaning the 120 million Indian Muslims, who comprise 14 percent of the population.

A Welcome Snub in India

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Pollard Is No Innocent

Free Jonathan Pollard now, say the Israeli government and the many Americans conducting a renewed campaign in behalf of the former U.S. naval intelligence analyst who was convicted in 1987 of spying for Israel and sentenced to life. Certainly a case can be made that a prison term ending when he becomes eligible for parole in 1997 would be plenty long enough. But earlier commutation? Despite suggestions by Pollard campaigners, there is no showing of injustice. The sentence was heavier than other espionage sentences, but each case is different, and this one was particularly strong. Nor is there a claim that, in prison, the prisoner has somehow been transformed. He is depicted as one who acted in conscience to spare Israel a second Holocaust after discovering that the United States had broken its word to deliver critical intelligence information. That must be set against the arrangements he made to receive hundreds of thousands of dollars for passing immense quantities of secret materials.

Other Comment

From Volvo to Europe - The cancellation of the Volvo-Renault marriage is not good news for the image of the French and Swedish automakers. Nor is it good news for those who advocate a more ambitious European industrial policy, whether in the infrastructure for high-speed trains, energy or the auto sector. To most specialists, the proposed merger seemed reasonable, allowing the creation of a competitive group. But the Scandinavian shareholders, stricken by nationalist jitters, decided otherwise. Apparently Volvo is untouchable. The attitude is surprising, to say the least, coming from a small country that considers itself officially open, in favor of free trade, strongly committed to the rapid conclusion of a GATT agreement, and whose economy traditionally depends on exports; a country that has applied for membership in the European Union, and which is negotiating with Brussels along with Finland, Norway and Austria the terms of its accession. This leaves a bad taste. The shareholders' "no" will surely have an impact on the "European" debate in Sweden itself. It is a blow to those who favor entry into the Union; at the same time it reinforces those adversaries of membership who continue to believe, naively, that their country is a social and ecological paradise which must be protected from foreign pollution. The Swedes would do well to think about the consequences of the merger's failure for the European future of their country. - Le Monde (Paris).

Beckoning the Syrian to the Chessboard With Israel

WASHINGTON — Stonings in the streets and scurrilous in the corridors of power in the Middle East obscure a bold American bid to carry off four Arab-Israeli peace agreements — the one that Israel made in September with the PLO plus others with Syria, Lebanon and Jordan — in a year. The key to this emerging Clinton administration design is to bring in Syria, and soon. This is a principal purpose of Secretary of State Warren Christopher's trip to the region. Not that Israel's other Arab neighbors — Egypt has already made peace — can be taken for granted. But Syria is the power among them. Its record in negotiations is defiant. It demands full territorial return, even while rejecting Israel's demand for full peace. Yet its participation is essential to a regional settlement. The new consideration is that Syria's long-time leader, Hafez Assad, no longer has the full hand that earlier let him manipulate the regional game. He has lost his great-patron in Moscow and has had trouble setting up a reliable supply line with the successor regime. Already militarily dominant, Israel is becoming stronger yet through its Washington connection and its own technological base.

By Stephen S. Rosenfeld

opening positions, can unfold when implementation of a Palestinian accord begins. That is a finite time, if things go passably well. For a while, Mr. Assad, witnessing Israel's peace openings to the PLO and Jordan, may have felt the United States was convincing to deny Syria recovery of its war-lost territory and assurance of its place in the Middle East sun. In fact, Mr. Assad was learning the unpalatable lesson that he had lost much of his spoils' power. At first furious that he could no longer control the Palestinians, he was able to move toward the position that their cause was now someone else's burden. He has criticized the Yasser Arafat but has not disrupted his bid. The United States is prepared and quietly pleased to deal with a diminished Hafez Assad. Washington did not want him to retreat into a corner beyond diplomatic reach. Certainly it did not want him to mobilize the various terrorists and militants who are his to lead or unleash. American officials have had the task of convincing Mr. Assad that only in negotiations can he expect to serve Syria's territorial and security goals. Is he ready? His ambassador was there on the White House lawn. He has trimmed his responses to acts like Morocco's welcome of Mr. Rabin that once provoked his cold retaliation. Slow down, he signals Jordan, evidently realizing that each forward Jordanian and Palestinian step shaves his bargaining position. As though to build up his position, he invites the United States to favor Syria's strategic centrality. He continues to insist he favors "a peace of the brave" with Israel. Presumably he sees as part of a link with the good as Egypt's Aswan Suez got for leading the Arabs to peace with Israel in the 1970s. But President Sadat was not only first. He led a country open to certain Western ways to a degree Mr. Assad cannot match. Syria, if needed for a regional settlement, though some argue (shortsightedly) that its toothlessness makes such a settlement less than urgent. To produce a settlement, however, Mr. Assad needs the United States. He wants Americans in the middle. It would be a switch for him to go the PLO's Oslo route. Middle East chess has never been more engaging. At the moment the hot game is on the Israeli-Palestinian board. If American diplomacy works, Israel and Syria will have a go. - The Washington Post.

A 'Chemistry' Problem

By A. M. Rosenthal

NEW YORK — The first he knew that his reputation was to be demolished and his career in government ended was when he read the one-paragraph notice of pending oblivion. It was one of those unsourced pieces of nastiness — the knife in the dark, handed over by an unseen assailant to an unnamed journalist to inflict the wound, fast, deep, cruel. This one appeared in Newsweek's gossip column. It said he was "widely regarded" as "prickly and unrelatable" that his boss was exasperated with him, that the White House "consensus" was that he did not fit in and that there was talk of a shake-up — apparently confined to him. Clifton Wharton Jr., until recently deputy secretary of state, is not arrogant but does know his worth. Else he would not have achieved what he had: two decades of internationally acclaimed work helping the economies of Asian and Latin American countries, and service under four prior presidents. Then the presidency of Michigan State University, and the chancellorship of the public university system of New York State, plus peer recognition as one of the most influential university presidents. Yes, and then a third major career — chairman and CEO of the third-largest insurance company in America, running the biggest private pension fund in the world. Of course, doing all that he became the first black this and the first black that. The Clinton people reached for him. He saw hope in the new administration and accepted the second spot under Warren Christopher. Then, after nine months, public humiliation and the held-open door. Mr. Wharton still does not know what hit him. But, pieced together, it is a story of how an administration failed to do justice to itself and an American achiever. Mr. Christopher's first choice as deputy would have been a veteran foreign policy expert. But he accepted the White House decision — Mr. Wharton was hardly unknown or inexperienced in foreign affairs. He outlined Mr. Wharton's duties to him: foreign aid, departmental management. Mind the shop while I am gone. But soon Mr. Christopher's confidants knew he was not happy. The "chemistry" was wrong. Then whispers: suddenly this world-known achiever isn't smart, doesn't work hard, know what I mean? Then, the State Department is criticized for its handling of Bosnia, Somalia and Haiti. Mr. Christopher tells President Bill Clinton that changes are needed. His candidate — Clifton Wharton, who had nothing to do with handling the crises. Mr. Wharton had not been brought into policy matters. Mr. Christopher's mistake. Good soldier, Wharton admitted dissatisfaction. Mr. Wharton resigned speedily. The biggest mistake was made by all those at State or the White House who knew of the dump-Wharton move. Dumping is easy. The job should have been to keep the man, tell him what was wrong, bring him in closer — not out of consideration, forfend, but administration self-interest in holding onto a world-known human asset. So who cares? Mr. Wharton has some money, I assume, a New York apartment and a country house. Company boards will besiege him. But people with outstanding lifetime records may consider the Wharton case if they are asked to work in the administration. They may consider that after going up their jobs, taking pay cuts and going through security examinations they will have to pass a chemistry test. If they fail, they may not know until they pick up some anonymous column. "The process to which I have been subjected, in the long run, damages the presidency and government more than the individual involved." Mr. Wharton wrote that in his resignation letter to the president. — Since then, I am told, the administration considers he has behaved like a perfect prince. - The New York Times.



Christopher Can Make It All Happen

BOSTON — The timing of Warren Christopher's Middle East visit gives him a rare opportunity. He may be able to start a process that would finally end the conflict between Israel and its Arab neighbors. The crucial next step is to break through the stalemate in negotiations between Syria and Israel. From that much else would follow. And the person best placed to do it is the U.S. secretary of state. Syria has long been the key to general peace in the region, and despite the agreement between Israel and the PLO it still is. Syria has positioned itself over the years as the stalwart Arab party in the conflict with Israel. If President Hafez Assad made peace, the regionist cause would lose much of its force in the whole Arab world. Syria controls Lebanon, and there can be no peace on Israel's Lebanese border unless and until Syria moves. King Hussein of Jordan, though he is plainly ready for a treaty with Israel, has always been reluctant to move until Syria does. In short, a peace agreement with Syria would mean peace on all of Israel's other borders. The time is right. U.S. participation at a high level is essential. Israel deserves the reassurance it gets from such a U.S. political commitment. Mr. Assad will want assurance that improved relations with the United States will accompany a deal with Israel. It is time for real negotiations with Syria, and Warren Christopher can make them happen. — Anthony Lewis, New York Times.

A Vote for Continuity in Taiwan, to the Likely Relief of Beijing

By Jaushieh Joseph Wu

TAIPEI — Local elections in Taiwan last weekend sent mixed signals about democratic development in a country where martial law was lifted only six years ago. But in Beijing they are likely to have been greeted with relief. The fact that the polls took place at all suggests that Taiwan is moving toward status as a full-fledged democracy. But there were worrying trends in the campaign which, if left unremedied, could weaken representative government. Overall, the governing Kuomintang had cause for satisfaction, although its share of the vote slipped by 5 percent. Hu Hsin-liang, chairman of the opposition Democratic Progressive Party, resigned once results of elections for county magistrates and city mayors were announced; his party had won fewer than half of the contested seats, despite his predictions to the contrary. The party took 6 of 23 seats, with 41 percent of the vote. The Kuomintang got 15 seats and 47 percent of the ballot; independents won the other two seats. The polls had more than local significance. With the first popular elections for provincial governor and president ahead, county magistrates will play an important role in mobilizing political support. The Democratic Progressive Party's failure to wrest a majority of local posts from the governing party appears to dash its hopes of winning positions of real power in the near future. There were some ugly aspects to the recent elections. One was the bias shown by the three television channels owned or controlled by the

turned a blind eye to the practice; most vote-buying allegations have been directed at KMT candidates. Concern is also growing over the role of organized crime. Two candidates withdrew, saying that they and their supporters had been threatened and harassed by mobsters running their opponents' campaigns. Name-calling, slander and rumor-mongering have long been common in Taiwan politics. But negative campaigning reached new depths in these elections. Several candidates faced court action for involvement in corruption or for slandering their opponents, but won anyway. If there is a single winner here, it is President Lee Teng-hui. His personal involvement in selecting KMT candidates in several counties and in bringing rival local factions together greatly improved the governing party's showing. Mr. Lee also won appreciation from KMT candidates as he toured the country on their behalf. The KMT had been weakened this summer when dissidents broke away and formed the New Party. The DPP, emboldened, predicted that it would win more than half the contested seats. Mr. Lee's leadership faced a further challenge when his main political rival, Lin Yung-kang, president of the Judicial Yuan (the highest judicial organ of state), announced his plan to run in the coming presidential election. But the KMT's recent showing will strengthen Mr. Lee in his bid to bring forward the presidential elections, due in 1996 under the constitution. If the election is held in 1994 or 1995, Mr. Lee will have an excuse to break his promise not to seek a second term. Mr. Lee's success will also help him push through a decision on the popular election of the president, which he favors. Such a change would profoundly affect Taiwan's political system. Debate on the merits of a presidential, as opposed to a parliamentary, system would be set aside once popular election of the president was agreed. The president would be both chief executive of the government and head of state. The prime minister, if the office was retained, would serve only as the president's chief administrator. As always, Beijing watched the elections with concern. It is probably relieved with the result. China worries about a rise of the DPP, which favors independence for Taiwan. So with the near-term likelihood of any change of regime greatly reduced, the process of rapprochement between Taipei and Beijing is unlikely to be interrupted.

The Maniacs in the Rearview Mirror

By George F. Will

WASHINGTON — You see them coming several blocks back. Your rearview mirror reveals cars driven with a nervous, jerking, lunging, spastic intensity, clinging to the bumpers of the cars ahead, weaving across lanes, rushing toward the next red light. Toward, and often right through, it. The spreading lawlessness of drivers in Washington, and elsewhere, is more than a nuisance: Prudent motorists slowly become traffic drivers hesitate to enter an intersection even after the light has turned green, so frequently are red lights disregarded. And manic drivers are more than amusing, although as fools usually do, such drivers have a comic dimension: Even the most aggressive driving can cut but about 10 minutes from a 10-mile commute. Have they thought of leaving home 10 minutes earlier? Or are 10 minutes more about really worth risking life, limb and driver's license? Actually, lawless commuters face decreasing risks of arrest because police are increasingly preoccupied with the slow-motion riot that is life in the inner city. Thus do the lawless from suburbia benefit from the lawlessness of the urban criminal class. But let us not be judgmental. Instead, let us be advanced thinkers who study the increasingly, shall we say, interesting driving habits as evidence of America's increasing "diversity," and as a flowering of new "values." Let us begin, anthropologically: Even if this new lawlessness is just fallen humanity misbehaving again, why now, and why this rush to government jobs, which in many cases means they are rushing to the sluggish river of paper that someday will result in some decision to which American society will be magnificently impervious. Perhaps the numbing everydayness of many people's work, in the private sector, too, explains the rip-roaring behavior behind the wheel. Recently Joseph Epstein, the essayist and professor (of English, at Northwestern), put to me a startlingly simple question: "Do you know anyone who makes anything?" Mr. Epstein had recently met a man who makes pajamas. Mr. Epstein was struck by the realization that it is rare for him to encounter anyone whose days are filled with making things — things you can feel, hold up to the light, take to the cash register, take home, put to practical use. Around campus most of the people Mr. Epstein sees make seminars and lectures — true, the occasional article and book, too, but it's somehow not the same as pajamas. In Washington we make hearings, laws, litigation, lunch appointments and journalism. All of it is, of course, terrifically important, but perhaps the evanescence of it produces demotivated drivers. Just a thought. Driving probably will become

even wilder now that Christmas (in P. G. Wodehouse's words) has us by the throat. Holidays and homicide go together like egg and nutmeg, so 'tis the season to study the wildness in the streets. I have not noticed — are we still allowed to say? — what nowadays are called "gender differences." Men and women are equally represented among the demotivated drivers, which probably is heartening evidence of the emancipation of women. BMWs are disproportionately driven by red-light runners, but I make no judgments. No judgments, so I will not dwell on the possibility that lawless driving by commuters from suburbia is a piece with that inner-city behavior commonly called "crime in the streets." Let others wonder whether lawless BMW drivers, like young predators in Nike hightops, represent the barbarian belief that they have a right to do what they like to do, and whether those drivers and those predators are all creating themselves in the way the writer Margaret Halsey meant when she said that "identity is not found, the way Pharoah's daughter found Moses in the bulrushes. Identity is built. It is built every day and every minute throughout the day."

However, here is a minimally judgmental thought. Years ago, when the Washington Redskins were owned by Edward Bennett Williams, they had an unreliable kicker who, Mr. Williams said, "put the excitement back into the point after touchdown." In a well-functioning society, some things are supposed to be dull: driving through an intersection, for example. Washington Post Writers Group.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Blowing Up Nelson NEW YORK — The preliminary trial of Mercier, Pell and De Martigny, the young men recently arrested for attempting to blow up Nelson's Monument in Montreal, commenced yesterday [Dec. 3]. Mr. H. Mercier, ex-Premier of Quebec, father of the first-named prisoner, conducted the case for the defence. A detective described the arrest and stated the prisoners appeared to treat the whole matter as a joke. The son of the Chief of Police in Montreal had also been arrested, but was subsequently released.

1918: Wilson's Tribute PARIS — Among the great State papers which President Wilson has contributed to the archives of history in the course of the war, the speech which he made before Congress Monday [Dec. 2] will take high place among the highest. The Allied people endorse and echo wholeheartedly every word of that glowing
tribute to American manhood. They will also note thankfully the President's significant acknowledgment of the reparations due to Belgium and France and of his determination that the peace conditions shall guarantee such reparation.
1943: Finland Fights On STOCKHOLM — [From our New York edition.] Finland apparently has determined to fight on against Russia as a full partner of Germany, abandoning her former propaganda line that she was engaged in a private war not connected with the world struggle, a reliable informant said today [Dec. 4]. This policy was said to have been decided on after the Moscow conference of Allied foreign ministers, which the Finns interpreted as meaning only unconditional surrender for Finland. Cabinet members were pictured as finding that completely unacceptable, preferring to fight on if necessary even after a surrender by the Axis.

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"Flight of Witches," one of 98 works shown in Madrid.

Tracing Goya Through His Small Paintings

By Alan Riding
New York Times Service

MADRID — Even the Prado Museum, with its unequalled collection of paintings by Francisco de Goya, might well feel intimidated by the prospect of trying to convey the life's work of this prolific and protean Spanish master in a single exhibition.

But it has found an ingenious way of doing so. By passing over his best-known masterpieces and showing only his small-format paintings, the Prado has been able to trace his passage from youthful optimism to the dark melancholy of his final years in France without missing a step.

By definition, the exhibition is more intimate than say, "Goya and the Spirit of the Enlightenment," the last major show of his works here, in 1989. It fills only three rooms of the museum, while some of the smallest pieces — his miniatures of the Goyoches family, for example — would fit into a coat pocket.

"But they have almost the same force of invention, thought and imagination as the larger works," said Juliet Wilson-Bareau, the British curator of the exhibition. "It's evident that Goya put a lot of himself into every work he did. He was always thinking of the final result."

With 98 works, including half a dozen late lithographs of his bullfighting series, "Goya, Caprice and Invention" will be on display until Feb. 15. In March, it will travel to the Royal Academy in London. In July, it will move to the Art Institute of Chicago for three months.

To be faithful to their aim of showing Goya's genius through his small paintings, the organizers of the exhibition have had to reach far, borrowing works from museums in eight other countries as well as from a dozen private collections.

The early works, which reflect the influence of Goya's trip to Italy in 1770 when he was still in his early 20s, are in the main religious, and they provide a foretaste of the more ambitious frescoes he painted in numerous Spanish churches later in life. Those at the church of San Antonio de la Florida in Madrid, completed in 1798, have just been restored.

By the mid-1780s, Goya had be-

gun painting the world around him. And here, the Prado has reunited his 1786 series of the four seasons — bucolic scenes of spring, summer and fall along with peasants trudging through a winter snowstorm — that belong to four different collections and are rarely seen together.

For Manuela Mena, the Prado's assistant director, eight small oils on tin-plate painted in 1793 and 1794 — four on the theme of bulls and bullfighting — mark a particular turning point for Goya because, as she put it, "this is the moment that this court painter stops painting for tapestries and starts painting for himself."

His growing versatility is immediately apparent in "The Shipwreck" and "The Mad House," where the first echoes of William Blake can be seen in his works. Although the works are on loan from different collections, the Prado has created the sense of a series by framing the eight paintings in the same way.

In contrast, the six paintings that show Friar Pedro de Zaldívar heroically disarming the feared bandit Maragato are all on loan from the Art Institute of Chicago. And as much as any others, these illustrate Goya's own desire to be in tune with the events of his day: in this case, June 10, 1808.

"This was a very famous occasion," Wilson-Bareau said of the capture of Maragato. "It was celebrated in poems and pamphlets and was the talk of Madrid. These paintings show Goya almost as a cartoonist recording the drama blow-by-blow."

Indeed, like stills from a movie, Goya shows the good friar being threatened with a rifle, pushing it aside, wrestling with the bandit, disarming him, firing a shot at him and, finally, tying him up. The six paintings depict an event that was probably over in less than one minute.

From near the end of his life, when he was living in bitter exile in Bordeaux, the exhibition has chosen seven of the series of tiny works — some just four inches square — in which Goya painted on ivory. And these too are as familiarly Goyaesque as any. "A Man Looking for Fleas in His Shirt" and "A Man Eating a Leek" suggest his affection for mankind has evaporated.

Auctions: More (or Less) Than Meets the Eye

LONDON — Things are seldom what they seem to be on the art market. But never was the contrast between appearance and reality quite as extreme as this week. Any casual observer attending the auction of Impressionist and Modern masters conducted at Christie's by Charles Allsopp must have felt that a crisis was in the making.

The pace was slow, at times painfully so. Several paintings were knocked down below the low estimate.

SOUREN MELKIAN

some selling on just one or two bids from the room. And indeed the impression that came across after reading the London press on the subject was bleak. The same observer would have been utterly puzzled by the glee with which professionals reacted. The truth is, there is no elegant way of telling the world that £14.2 million is a fantastic total for a sale with so little worth writing home about. If 16 of the 53 lots failed, it is essentially because they were so bad that it is hard to imagine anyone ever really wanting them.

No auction expert in his right mind will take the risk of saying, for example, that the Odilon Redon that crashed at £200,000 (£300,000) on Monday night comes within inches of the very worst in the artist's oeuvre.

Add the more subtle cases. There was a delightful little Vuillard, which was only a sketch in oils, painted on card laid on panel, with cracks visible in the lower area. It is composed in a horizontal oval format, never the most popular. All told, it sold quite well at £73,000. Alas, none of this can be spelled out, particularly not when your printed estimate stands at £70,000 to £100,000, plus premium.

Nor is it easy to claim that £881,500 is a hell of a price for Kandinsky's (small) abstract watercolor of 1912-1913. Only 10 months earlier, it would probably have been knocked down at around £500,000, which makes the £880,000 to £1.2 million estimate unduly optimistic.

But the dealers, who don't need to be told all this, felt chirpy as rarely before, since the 1990 crash. They knew that the market had yet again gained in strength.

The two rarities in the sale had gone through the roof. High up at the top, there was Le Douanier Rousseau's "Portrait of Joseph Brummer." It is the only important work by the self-taught customs clerk to have appeared at auction in years. Done in his naive fashion with just the merest Surrealist whiff to it, it is the archetypal Rousseau that any museum in need of one would go after. At just over £3 million, it fetched a very high price, but that is no cause for surprise.

Next in line came Willi Baumeister's abstract composition with claims to Surrealism echoed in the title: "Montauri, Diskus III (mit Schwarzwald)." Hugues Joffre, director of Christie's 20th-century pictures department, says that no such picture has turned up in the open market within the last decade. The only other Baumeister of any consequence, small and not comparable in importance, was seen in London in May at Christie's German Art sale, where it set a record for the artist at £18,950. This week a new record was established with "Montauri, Diskus III" at £480,000.

To dealers, the high prices paid for upper-range works that were not of that degree of rarity, spell



Rousseau's "Portrait of Joseph Brummer" (1909) brought £3 million.

even better news. No collector can gladly pass up a unique piece. But he will do just that when offered a superb picture or object to which he might hope to find an alternative at a later date, in financial circumstances more favorable to him.

Raoul Dufy's "Les Deux Modèles" is that kind of picture. It did very well at £463,500. True, when last seen at a Paris auction in 1990 (Christie's refrained from mentioning the fact), it had a reserve known in the trade to have been set at 6.5 million francs. The Dufy failed to reach it at the auction and was sold immediately afterward at this week's vendor. Sources say he paid 5 million francs. If true, as seems highly likely, the Dufy this week lost one fifth of its value, canceling the artificial gains registered by the artist and others of his ilk after speculation from 1988 to 1990. Regrettable for the vendor, it is healthy for the market, which is starting afresh on the right footing.

But the soundest indicator of a new surge of

vitality in the market lies in the zest with which third-raters were being snatched up. A Pissarro that seemed doomed — it looks like a Barbizon School landscape painted with Impressionist brush strokes — made it to £342,500. It was followed by a double feminine portrait done by Nolde in 1947 as a rebash of the much earlier Expressionist style, which sold for £353,500.

These and others pale into insignificance, however, when compared with the string of mediocrities successfully sold at Sotheby's the next night. To achieve a £10.6 million score out of so little is astounding. The session started off with a single-owner collection, the Pierre Berès Collection of Paintings and Other Works.

The 80-year-old Berès is one of four or five leading dealers worldwide in rare books and manuscripts. Appropriately enough, the jewel in the crown was an exquisite Cubist still life done by Juan Gris in 1913 as a cover for a volume of Paul Reverdy's "Poèmes en Prose." The small thing in collage, gouache and pencil, — or rather the volume, to which it still belongs — soared to a generous £463,500.

"Sous le Portique," a delightful scene by Vuillard executed around 1900, lovely for its light, made precisely the same price. It could hardly have fared better. Finally, a portrait of a woman seated on a balcony, beyond which the beach and the sea can be seen, has a charm not often associated with Matisse. It went up to £419,500, which is about right. And there the Impressionist and 20th-century art of some importance stopped. To give a separate catalogue to such a group of works, thin and disparate (it even included an Ancient Roman mural fragment), shows that auction houses are desperate to boast single-owner art hoards, no matter how tiny.

If any doubt subsisted that the real market problem now is one of supply, this was dispelled at the sight of some of the nonentities admitted into this excited Part I session. Not so long ago, such an undistinguished piece as Van Dongen's "Les Salons du Casino de Deauville," done around in 1925 in the artist's café-society manner, would have been pushed into the Part II section, with many more. It was not, and it sold on a £115,000 bid (£128,000 with premium), far below the low estimate, which had been set so high (£150,000) that it stood little chance of ever being reached. Wisely, Simon de Pury, deputy chairman of Sotheby's Europe who conducted the sale, let it go at the price he could get — high enough as it is.

THROUGHOUT the sale, de Pury succeeded in extracting the ultimate bid that got many hopeless works to vault over the reserve. These ranged from Impressionist works of the most uninspired kind — a confused "Le Pré à Eragny" by Pissarro with cows in it (no one wants cows) at £271,000 — to the deeply mediocre Fauve work of Collioure by Matisse at £177,500 and an interior scene by Vuillard at £298,500, "Le Bridge" dated 1923. Such a performance would not have been possible without a bullish market eager to get its teeth into almost anything.

The ultimate proof of that was provided on Thursday afternoon in a stunning, brief Part I Contemporary sale conducted at Christie's by Joffre. The £3.7 million sale may not be huge. But for the first time since 1990, the failure rate was under 10 percent, at a very moderate 8.2 percent by value. The most expensive picture in a European Contemporary sale this week was sold — Dubuffet's "Deux Figures dans un Paysage," bought for £518,500 over the telephone from the United States.

Professionals were particularly struck by the vigor of German bidding, which extended to Italian artists (Domenico Gnoli's "Inside a Lady's Shoe," £74,100; Alberto Burri's "Legno P1," £100,500) and French painters (Jean Fautrier's "Nu Rose," £183,000), as well as to German paintings. The Italians also made determined attempts. Most surprisingly a battle broke out between two British collectors over a Dubuffet, "Mademoiselle Bois de Rose." The winner, represented by his French curator Jean Albeau, got it for £304,000, less than a third of what it had cost its buyer in Paris in 1990, at the Bourdon sale.

In the entirely new atmosphere of feverish buying that is becoming perceptible once again for the first time since the 1990 autumn crash, there is a lesson here that should be borne in mind.

Nabis Show Rescheduled

PARIS — A Paris exhibition of French post-Impressionist painting, forced to close when the Grand Palais was declared unsafe, will reopen at the Musée d'Orsay next month, France's Culture Ministry said on Friday.

The 93-year-old Grand Palais, a landmark exhibition hall, was closed after experts said it rested on unstable foundations and its huge glass dome needed urgent repair work.

The ministry said the show "The Nabis" would reopen at the Orsay and would run from Jan. 11 to Feb. 13.

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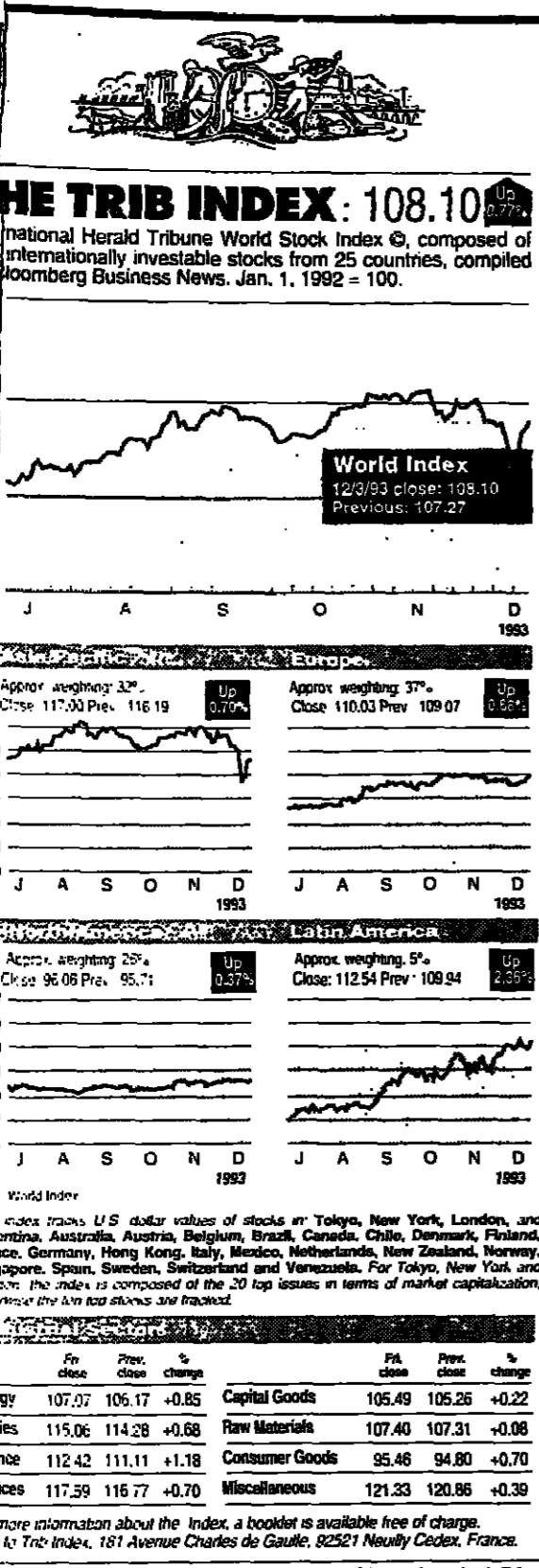
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Hopes Fade for VW, GM Accord

By Brandon Mitchener
International Herald Tribune

FRANKFURT — Automotive rivals General Motors Corp. and Volkswagen AG have given up hope of reaching an out-of-court settlement on a civil suit involving associates of José Ignacio López de Arriortúa, who defected from GM to become VW's purchasing manager in March, company sources said Friday.

Each side blamed the other for the failure of the talks, which had been initiated by the appeals court judge hearing the case. A preliminary ruling is expected Dec. 16 on GM's attempt to secure a temporary injunction against VW's employment of seven former GM employees. A lower court turned down GM's request in May.

Adam Opel AG, the big German manufacturing unit of GM, said the out-of-court talks failed because VW attempted to guarantee that no attempts would be made later to secure an injunction against the employment of Mr. López himself, an option GM wants to keep open.

But Joachim Cordshagen, a spokesman for VW in Wolfsburg, Germany, blamed GM for the setback. "We are still ready to sign a settlement," he said. "We think GM demanded new provisions," he said.

Talks faltered last week after the two companies missed several deadlines for an agreement, but GM and VW said that a compromise was still possible. That now seems improbable, both conceded.

Separately, U.S. Justice Department investigators visited the offices of a German prosecutor studying GM's claim that Mr. López and his associates stole corporate secrets.

GM's insistence on being able to block the employment of Mr. López at a later date is the result of its claim that his departure and alleged removal of corporate secrets caused GM financial damage.

For Sales, Service, See the Folks at China Auto City

By Kevin Murphy
International Herald Tribune

CHENGDU, China — The city's main streets can hardly cope with existing traffic and most of the highways in surrounding Sichuan Province are still only blueprints, but Southwest China Auto City is ready to roll.

Auto City will feature a 700-car and truck showroom, spare parts warehouses and distribution centers, a bonded area for imported autos and office space for many of the Sichuan-based manufacturers hoping to profit from the area's 400 million potential customers.

Auto City is also a very visible omen of China's future intent to cautiously open its markets to foreign car imports.

Every aspect of car sales and service has been considered here, including a used car lot and a hotel if repairs are lengthy.

"Sichuan is a transport hub for all of southwest China, and we're at the center of it," said Mao Shibian, managing director of Auto City. "We think China will join GATT and that means there will be great potential for imported cars, even if there are limits at first."

As part of its entry to the General Agreement on Tariffs and Trade China must open more of its markets to foreign products. While Beijing has foreshadowed continued protection for its auto manufacturers, many of whom operate outdated plants with excessive workforces, more leeway than currently exists is widely anticipated.

Auto City has been set up as a private sector company by shareholders that include several local companies, the investment arm of the China Industrial & Commercial Bank and two Sichuan automobile manufacturers.

The company, which has spent 77 million yuan (\$14 million) so far, and describes itself as an "enterprise group which brings forth new ideas, high efficiency and deals with concrete matters," hopes to establish an anchor for development of the entire industry.

Company officials predict

Renault and Volvo Sift Through the Wreckage

PARIS — The French government, stunned by Volvo's decision to join Renault in a merger that would have created Europe's second-largest carmaker, said Friday that it still believed a marriage between the two was the best solution.

But the Swedish group was less sanguine, casting doubt on even the three-year alliance that the two groups had before their plan to merge on Jan. 1 collapsed on Thursday. "We have to start again from zero," Volvo's new chairman, Bo Rydén, said on Swedish radio.

Asked if the alliance could continue as before, he said: "I don't think so. The French are certainly very upset by this."

Mr. Rydén replaced Pehr Gyllenhammar, who resigned on Thursday after a management revolt against the merger, which was seen by many in Stockholm as less than a French takeover.

In Sweden, some business leaders and politicians said the events leading to Mr. Gyllenhammar's abrupt departure and the about-face on the Renault deal had impaired Sweden's image abroad.

"We criticized the French for being nationalists. Now we look like the worst chauvinists of all," said Johnny Magnusson, chairman of the city council in Volvo's base, Gothenburg.

One analyst, Björn Germer at Matteus Fondkommission, said, "The French are bitter about what happened and will probably roll back the alliance in various ways."

He added that Renault might have difficulty working with Volvo's managing director, Soren Gyll, who led the management revolt against the merger.

In Paris, where the proposed deal had been announced with fanfare three months ago, the mood was somber. "What happened yesterday is clearly a big disappointment for Renault," the chairman, Louis Schweitzer, said at a news conference at the state-owned company's headquarters.

Clearly piqued by Volvo's cold feet, he said Renault had not learned that the deal was off before journalists did, at a news conference in Stockholm on Thursday.

France's center-right government, which had seen the deal as a chance to make huge savings for a company struggling in a fiercely competitive market, could also barely conceal its bitterness.

"This is a private sector company that has not been able to put its house in order," the industry minister, Gérard Longuet, said on French radio late Thursday.

But the government said that while it still believed in a common future for the two companies, Volvo's top brass should make their intentions clear.

"As for the French government, it continues to believe that the merger remains a good solution," the government said Friday.

Volvo executives need to be clarified so that we know exactly where our partners want."

Mr. Schweitzer, in contrast to Mr. Rydén, said cooperation agreements forged between the carmakers three years ago and their cross-shareholdings were not in jeopardy.

Just how to proceed from here is a question that the two companies will tackle in the coming days. But for another attempt at a merger to have a chance of success, there would have to be a host of changes.

"There would need to be lots of changes and new elements for this

ated and best," he said in the six No. 2 fat play- clay as five se- analysts able can- ber sub- for the said year. work- nately a few for a good. eaten stich, face stions, lack Sat- ibi- ten said sit- ill- id-

For New Russian Entrepreneurs, No Fear of Risk

By Ann Imse
New York Times Service

MOSCOW — The courtyard at Roditi Moscow is bustling, as workers, renovating this 17th century nobleman's mansion into a corporate headquarters and wholesaling operation, ease their way around customers buying imported coffee by the case and suits by the rack.

Dmitri Nikitin, 37, the president of Roditi Moscow, one of the largest entrepreneurial companies founded in Russia since the legalization of private enterprise, shows off the colorful Italian cosmetics and sleek Braun appliances his company sells to retailers. He pauses frequently to issue orders — even to the construction crew.

Mr. Nikitin estimates that since President Boris N. Yeltsin repealed the Communist laws against private trading two years ago, 10 million people in Russia have become entrepreneurs.

In three years, Roditi Moscow has grown to 3,000 employees and branches in various locations in Russia involved in architectural restoration, commodity trading, trucking, aircraft chartering, wholesaling and scientific research.

Later this month, the company, which is security and financial reasons was formed in London, will open a department store in what had been the cavernous Arbat state restaurant.

"Our business is like a runaway train," said Svetlana Nikitina, 32, an accountant who must expand the company's financial operations to keep up with her husband's brainstorms.

For some of the new entrepreneurs, the first profit is "a flash in the gray monotony of their lives, and they want to use it immediately," he said. Others stash their windfalls in Western banks. "These are people who don't believe in the future," he added.

Mr. Nikitin looks at Russia's highly edu-

ated populace, its rich natural resources and vast land mass, and concludes that the opportunities to win are boundless. As soon as Russia rebuilds a government capable of implementing its decisions, "we can expect very rapid development," he said.

Changes may begin with next Saturday and Sunday's election to replace the Communist-dominated parliament. For months, leading businessmen have been discussing the kind of candidates they need to back, and "practically all the money for the campaign is coming from the businessmen," Mr. Nikitin said. He expects a solidly pro-business majority in the new assembly.

ECONOMIC SCENE

Why It's So Hard to Buy Software in Europe

By Mitchell Martin
International Herald Tribune

PARIS — It is a vicious circle: Software costs more in Europe than it does in America, keeping demand low and discouraging people from developing software. Companies that sell computer programs are striving to narrow the gap, but there is a cultural and economic gulf between the continents that will likely keep European prices higher indefinitely while discouraging local development of programs, especially for home computers.

Analysts said Asia presents a different profile, and one that is hard to compare with the rest of the world. The Japanese market is hard to enter because of the country's complex distribution system. Additionally, many Japanese computer brands use proprietary operating systems that do not permit them to run generic programs based on the DOS, Windows or Macintosh systems popular in the United States and Europe. Software piracy in other Asian countries, meanwhile, has made distributors wary of those markets.

European prices generally run 15 percent to 20 percent higher than those in the United States. For example, a French-language version of Microsoft Corp.'s Excel 4.0 spreadsheet program for Macintosh computers was advertised this autumn by a mail-order house for 2,390 francs (\$394), before counting the 150 percent value-added tax that consumers must pay, compared with \$295 by an American mail-order house for the U.S. version. In Britain, Intuit's Quicken 6.0 home-finance package for Windows was advertised at \$40 (260.59) before 17.5 percent V.A.T., compared with \$29.95 in the United States.

There are several reasons for the price gap. At the retail level, the value-added tax in Europe is a leading culprit, running as much as 10 percentage points above state sales taxes in America.

Then there is mail order, used extensively in the United States but not in Europe. Gregory Rice is managing director of Instant Access, a company that is using compact-disk technology to try to cut European prices. He said 75 percent of American software is sold through direct distributors, such as mail-order companies. The rest is sold through wholesalers, who mark up prices about 10 percent to stores. In Europe, however, most programs are sold in stores and pass through one or two wholesalers along the way. "Software makers sell to distributors, who generally take a very high cut — up to 40 percent," Mr. Rice said.

Although this system is beginning to break down because of consumer resistance to high prices, it is not being widely supplanted by mail-order companies. Mr. Rice, whose company competes with such services, said this was because the American postal and overnight package systems were more efficient and less expensive than those available in Europe.

Sometimes, the software makers contribute to the discrepancies. Sharon Erdman, who works for the U.S. mail-order house Multiple Zones International Inc., said that Microsoft discourages people in France, for example, from buying its U.S. version of the Word program. "Microsoft wants to sell the French version of Word to their French customers. Microsoft will not sell the U.S. version of Word," she said.

She said her company's French subsidiary would stock the higher-priced French version, for sale in France. Multiple Zones, unlike many of its U.S. competitors, has set up organizations in various countries, often as ventures with existing distributors. These smaller companies gain clout with software developers, while giving Multiple Zones a foot in the door of new markets.

James Heal, a computer-industry analyst at Hoare Govett in London, said that even in stores, Europe lags the United States. "There is a structural difference in how you sell software, especially if you are targeting the small user rather than medium-sized companies," he said. He cited American "super stores," large retail centers that provide a wide variety of programs. Sales help is minimal, avoiding what are called value-added resellers, who provide advice but at higher cost to buyers.

"This might actually change," Mr. Heal said. "There are a number of personal-computer-related superstores opening up in the U.K."

It is not only how programs are distributed that limits their reach. Europeans tend to use computers in different ways, according to Dean Ratcliffe, senior industry analyst at Dataquest Europe in Paris. "It's still very office-bound," said Mr. Ratcliffe. "Typically the two biggest uses are spreadsheets and word processors."

One factor keeping computers out of people's lives is the cost of software. See **SOFTWARE**, Page 13

CURRENCY & INTEREST RATES

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Canada	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	3 months	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27
Denmark	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	6 months	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27
France	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1 year	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27
Germany	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1 month	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27
Italy	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	3 months	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27
Japan	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	6 months	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27
Netherlands	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1 year	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27
Spain	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1 month	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27
Sweden	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	3 months	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27
Switzerland	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	6 months	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27
UK	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1 year	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27

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THE PERFECT GIFT

THE ENDURING QUALITY OF PARIS GIFT OFFERINGS

On every Christmas gift list, there are always a few confounding blank spaces next to certain names. Those who can afford the very best have fewer problems finding just the right gift, of course — no one has ever been heard to complain about having too much gold or too many diamonds, and a well-made leather handbag, for instance, can serve for years. These are not baubles, but treasures that become beloved objects their owners never want to part with and that never go out of fashion. But even those with lesser means will find that gift-giving is no problem for Paris shoppers. The selection is so wide and the offerings of such high quality that there is sure to be something for everyone.

a face similar to Chopard's, with an elegant Art Deco-inspired gold bracelet, as well as a gold-faced watch with no hands that shows the hours and minutes in numerals and comes with a red crocodile band.

Less expensive and more fun is Beuchat's spider-web watch, which comes complete with a tiny spider on the face.

Jewelry

Cartier is taking inspiration from the Indian rajahs with a simply shaped gold bracelet and earrings outlined in diamonds and inset with teardrop-shaped rubies and emeralds.

Coco Chanel may be known as the inventor of costume jewelry, but Chanel Joaillerie's new 18-karat yellow-gold necklace with cultured pearls and teardrop-shaped diamonds, emeralds, sapphires, rubies and onyx is anything but imitation.

Watches

Even those who normally sniff at symbols of conspicuous consumption tend to drool over the Patek Philippe watch. The latest men's edition features two gold links on either side of a Roman-numeraled watch face. For women, the company has a new collection that takes inspiration from both classical Greek and Art Deco design.

For the man who wants to make a different kind of statement with his watch, Breitling has the Chronomat, its latest chronograph, designed with the help of airline pilots.

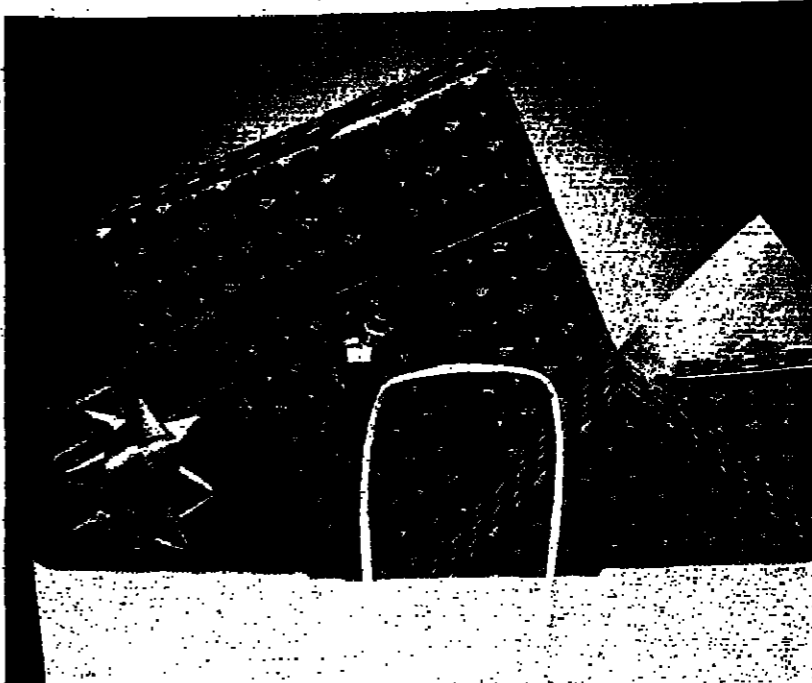
The venerable house of Chopard's new Casmir collection includes a simple, numberless watch face whose rich gold bracelet has paisley-shaped links, some of them encrusted with diamonds. Also available are matching bracelet, ring and necklace.

Chaumet is showing a watch with

Van Cleef & Arpels opts for opulence with a necklace that begins with a double row of diamonds, from which diamond-studded camels trek through a gold-and-diamond desert.

It looks edible, but it's not. François Héral's gold Caviar ring has a diamond set in a mass of realistic fish eggs.

Truly unusual gifts can be had at the boutique of the Musée de la Monnaie on Paris's Left Bank. Everything from jewelry made from reproductions of ancient coins to specially minted collectors' medallions are available. The latter include mementos from the opening of the Musée



Pretty wrapping is easy — the hard part is figuring out what to put inside.

d'Orsay; the launch of the TGV Atlantique, the French high-speed train; and even one commemorating the Central Bank of Kuwait.

The latest edition is "Treasures of the Louvre," a series of six coins honoring the opening of the Richelieu Wing of the Louvre. Naturally, one of them is devoted to the Mona Lisa (in gold or silver) with a representation of the Louvre's pyramid on the flip side. Other series, in bronze or silver, pay tribute to such themes as family life, literature, art, music, Paris and the monuments of France.

Accessories

Daniel Swarovski, famous for its fine crystal, now has its own line of fantasy jewelry and sumptuous accessories, including charming minaudières decorated with sparkling swirls or cascades of crystal. The Winter Garden line includes a black velvet evening bag embroidered with colorful crystal blossoms.

For those with a taste for discretion, elegance and top quality, Longchamp has a wide-ranging selection of handsome, classic handbags, wallets, belts, shoes, luggage, umbrellas and ties, many of them in bright primary colors.

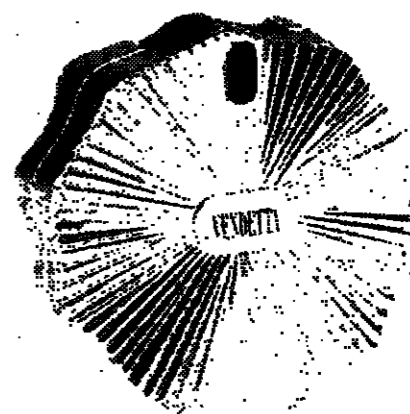
Can the beauty and luxury of a Hermès scarf ever be unwelcome? The latest addition to this venerable collection is an homage to the Venice Carnival, complete with masked revelers.

Louis Vuitton, another venerable

maker of luxury goods, has more to offer in fine leather than those brown handbags with the "LV" logo printed on them. Its Epi line, for instance, is a study in understated elegance and, as always, of the highest quality.

Montblanc, maker of what are probably the most coveted pens in the world, now has what may be the ultimate status symbol: a Montblanc yellow highlighter. At a rather more elevated price, there is the new Platine, mostly handmade of platinum and 18-karat gold.

Alfred Dunhill is celebrating its 100th birthday and is commemorating it with a Centenary watch. Also from its archives is the Captive, which was created in 1929 for a



A gift of Valentino's Vendetta will settle any dispute.



raoul et curly The Treasure Trove

A combination of transparency and light, a Marcel Franck atomiser is the ideal jewelry case for your perfume.



The Malibu and Transpacific timepieces by Baume et Mercier mark the time with a rare elegance.



Top brand shirts and ties, perfectly co-ordinated for today's man.

Christian Lacroix, Yves Saint Laurent, Karl Lagerfeld or Balenciaga jewelry which will live up to your dreams...



Indispensable accessories for the refined woman: the Larvin scarf and handbags by Chloé or Révillon.

A myriad of spicy, woody or fruity scents, perfume is the reflection of your personality. Fleur de roaille by Caron, Duce by Christian Dior, Trésor by Lancôme, Ungaro III pour Homme, Sweet Courages, Oh la la by Louis Azzaro, Fente by Pierre, Eau Fresh by Jacques Bogart, L'Arte di Gucci, Insensé by Givenchy, Coriandre by Jean Couturier, Van Cleef by Van Cleef.

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75002 PARIS
47 42 50 10

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THE PARIS MINT HAS ENGRAVED THE MOST RENOWNED WORKS FROM THE LOUVRE'S COLLECTION FOR YOU ON THE OCCASION OF THIS HISTORIC MUSEUM'S BICENTENNIAL CELEBRATION.

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Paris

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Jobs Decline, Orders Improve In German West

BONN — Western German unemployment surged again in November, according to figures released on Friday, but October industrial orders showed a stabilization that economists said could point to a slight recovery in 1994.

Seasonally adjusted unemployment rose to a new post-unification high in November of 2.49 million people. That compared with 2.46 million a month earlier, giving a new jobless rate of 7.8 percent, the Federal Labor Office said.

In contrast, the jobless total in Eastern Germany dropped to 1.15 million in November from 1.17 million a month earlier.

The Eastern German figures were encouraging but economists said they expected joblessness in Western Germany to continue rising well into next year.

The Economics Ministry said industrial orders slipped 0.3 percent in October from September. But it revised the September increase to 2.2 percent from 1.2 percent. Domestic orders fell 2.7 percent but foreign orders surged 4.3 percent.

"Orders are going in the right direction," said Gien Liddy, economist with Kleinwort Benson Research in London. "The foreign orders show some German exporters still have the edge over the competition despite an uncompetitive currency."

"The figures back our expectation of an export-driven recovery next year," said Thorsten Neufeld of Deutsche Bank Research in Frankfurt.

French Rate Cut Lifts the Franc

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The move, which mirrored a quarter point cut by the Bundesbank in its securities repurchase rate Thursday, lowered France's intervention rate, which sets the floor for money market rates, to 6 percent.

The franc climbed to 3.4335 per Deutsche mark, its highest level since the virtual collapse of the European Community currency grid on Aug. 2. Currency dealers said the franc was likely to rise to its former ERM floor of 3.4305 to the mark as soon as next week.

Earlier, Bernd Goos, a senior Bundesbank official, said prospects for a turnaround in the second quarter of next year had improved considerably.

"There are increasing signs that the recession is bottoming out, although it remains as yet unclear when a sustainable recovery will eventually set in," he said at a conference of Asian foreign exchange dealers in New Delhi.

EC Jobless = 3 Nations?

BONN — Unemployment in the European Community will be the equivalent of the combined populations of Belgium, Denmark and Ireland next year, the EC Commission's top civil servant said on Friday.

The commission's secretary-general, David Williamson, said that the Community needed to restore economic growth and make its labor markets less rigid in order to create more jobs.

"We expect that next year the number of unemployed people

in the Community will be equivalent to the total population of Belgium, Denmark and Ireland together," he said.

More than 17 million people are already out of work in the Community and the figure is forecast to top 20 million next year as economies shrink by 0.4 percent this year.

Mr. Williamson said economic growth would not pick up overnight but the commission believed it was possible to return to the strong growth rates of the late 1980s by the year 2000.

Madrid Acts Against Job Security

Measures Would Ease Layoffs and Transfers

MADRID — Despite union threats to kick off the new year with a general strike, the Spanish government approved measures Friday that would radically overhaul a system of Franco-era job protection that many economists and business leaders blame for the country's staggering jobless rate.

"These laws are left over from a paternalistic state. With a rigid system like ours, you don't create jobs," said Juan Iranzo, chief of research at the Institute for Economic Studies, a Madrid think tank.

The measures, some of which take effect automatically and some of which require legislative approval, aim to ease many of the rules that made layoffs, relocations and changes in job description costly and often impossible without union or employee consent.

Among other provisions, the government's package:

- Softens stiff rules on dismissals.
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Advocates of the new legislation say the system of job security was fine when Spain was a protected, low-wage economy, unexposed to the pressures of a global economy. Unions and strikes were banned during

'With a rigid system like ours, you don't create jobs.'

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Francisco Franco's 36-year rule, which ended with his death in 1975. But the dictator bought labor peace by assuring Spaniards lifelong jobs, with two extra payments each year — one for Christmas and another for summer vacations.

Nowadays, critics of the old system argue, such rigid employment laws make companies wary of taking on new employees, and foreign investors who saw Spain as an attractive place to set up shop are looking elsewhere.

"The Spanish labor market is obviously rigid and hardly adaptable to the actual circumstances that businesses and economic sectors

experience," Labor Minister José Antonio Griñán said after the cabinet met Friday.

That is something Spain, ever more than other European Community countries, can ill afford. Since Spain's economy went into a tailspin last year, joblessness has hit almost 23 percent, double the EC average.

"You have two types of people: those with a permanent contract, and the others, mostly young people, who are shut out" by employers who don't want to hire under such conditions, said Mr. Iranzo of the Institute for Economic Studies.

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"The spread of this European argument for limiting social rights and deregulation, with people who think the labor movement is something out of Jurassic Park, is producing a counter-reaction," said Antonio Gutiérrez, leader of the Workers Commissions, a union federation.

"People are not willing to resign themselves to the idea that European unity means going backwards" in social policy, he said.

The general strike is the unions' last resort to try to change the government's economic policy," said José María Zufaur, a leader of the General Workers Union.

The labor reforms were approved shortly after the Bank of Spain cut its key money rate by a quarter point to 9 percent in a move which may help revive the flagging economy. (AP, Knight-Ridder, Reuters)

Reuters Said to Be Riled Over Globex

CHICAGO — Reuters Holdings PLC has demanded that the Chicago Board of Trade increase its commitment to Globex, the 24-hour electronic trading system, or leave the system in April, sources close to the negotiations said.

Reuters' ultimatum followed a meeting Monday in New York with Globex's owners, the Chicago Board of Trade and the Chicago Mercantile Exchange. Reuters

spent more than \$75 million developing Globex and leases the right to operate the system.

Officials at the mercantile exchange and Reuters declined to comment. Board of trade officials were not available for comment.

Globex, which allows traders to buy and sell futures and options contracts when the exchanges are closed, began operating in June 1992. The Chicago exchanges had

described the system at that time as the future of the industry.

Instead, it has become a source of friction between the two Chicago exchanges this year. The mercantile exchange has pushed for more aggressive marketing, while the board of trade has spread its efforts between Globex and Project A, another electronic trading system which it fully owns.

The board of trade originally

said Project A would only trade specialized instruments such as interest-rate swaps. Early this fall, however, the board said it might list its biggest contract, U.S. Treasury bond futures, on Project A during hours when the exchange is closed.

That angered Reuters, because the bond contract already is available for overnight trading on the Globex system.

Investor's Europe

Country	Change
Frankfurt	34.51
London	34.51
Paris	34.51
Amsterdam	34.51
Berlin	34.51
Bombay	34.51
Buenos Aires	34.51
Calcutta	34.51
Cairo	34.51
Colon	34.51
Hong Kong	34.51
Los Angeles	34.51
Manila	34.51
Mexico City	34.51
Mumbai	34.51
New York	34.51
Osaka	34.51
San Francisco	34.51
Singapore	34.51
Tokyo	34.51
Washington	34.51

Very briefly:

- Marc Rich has formally reduced the number of shares he held in the raw materials company Marc Rich & Co., a company official said. The company had announced nine months ago that he would reduce his stake.
- Hungary has approved a draft bill that limits purchases of arable land by Hungarians and bans foreigners from buying farmland. The bill seeks to prevent widespread sales at a time of economic crisis for farmers.
- The Netherlands' trade surplus for the first half of 1993 doubled from a year earlier to 10 billion guilders (\$5.2 billion). The country posted a surplus of 23 billion guilders with European Community countries and a deficit of 13.9 billion with other countries.
- General Electric Capital Corp. agreed to acquire Mercantile, the consumer finance unit of Bank Austria Corp., for \$83 million, reflecting the GE unit's plan to increase its consumer-finance activities in Europe.
- Swissair said it is holding talks with Scandinavian Airlines System and Austrian Airlines AG on possible expanded links. The three airlines had long considered an alliance in conjunction with KLM Royal Dutch Airlines, but those talks recently ended without results.

MERGER: Renault, Volvo Sift the Wreckage to See What Can Be Saved

Continued from Page 9

opportunity to arise again," Mr. Schweitzer said.

In the meantime, Renault may look for other cooperation links for its bus and truck subsidiary, Renault Vehicules Industriels, he said. With Volvo, Renault had aimed to create the world's biggest maker of trucks.

Mr. Schweitzer praised the French government for its efforts to seal the merger and, in a thinly veiled criticism of Volvo's shareholders and management, railed at

those who he said had turned the affair into what he called an "emotional and irrational" debate.

Mr. Schweitzer said Volvo's 20 percent stake in Renault would not hinder the French carmaker's transfer to private ownership.

Prime Minister Edouard Balladur, in a bid to ally Volvo executives' concerns about the merger, last month sent a letter to Stockholm promising that Renault would be privatized during the second half of next year.

The French state would have controlled 65 percent of a joint company, Renault-Volvo KVA, pending privatization of its stake, and anxiety about French domination was a constant theme in Volvo shareholder concern.

In Stockholm, Mr. Gyllenhammar made no secret of his contempt for the nationalist rhetoric of the debate in Sweden on the merger.

The Swedish government plans to take the country into the European Community in 1995 after a

referendum next year, though public opinion appears firmly opposed.

President Francois Mitterrand of France was less categorical about the broad meaning of the merger's collapse.

"Does it signal a desire by Sweden to distance itself from its goal to join the European Community as it has required? I don't see that way," Mr. Mitterrand said on French radio. "A company's decision is not a government's decision. It does not augur well, though."

Ford's Europe Chief to Retire

DETROIT — William H. Fike, president of Ford of Europe Inc., will retire at the end of this year and his position will be eliminated, the carmaker announced Friday.

There had been reports that Mr. Fike, 57, was being recalled to the United States because Ford's top management was unhappy with Ford of Europe's financial performance. The subsidiary had a loss of \$1.3 billion in 1992 and \$711 million in 1991.

The unit is expected to show a loss of about \$500 million for 1993, according to an estimate by David Hoyle, an analyst with S.G. Warburg & Co.

Ken Brown, a company spokesman, said that the decision to retire had been "Mr. Fike's choice."

Alex Trotman, who succeeded Harold Posing as chairman of Ford Motor Co. on Nov. 1, said that Ford's European operations would do substantially better in 1994.

NASDAQ

Friday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld	PE	52 Wk High	Low	Latest	Change
120	110	IBM	4.00	3.6	13	120	110	115	+5
100	90	Microsoft	0.00	0.0	15	100	90	95	+5
80	70	Oracle	0.00	0.0	12	80	70	75	+5
60	50	Sun	0.00	0.0	10	60	50	55	+5
40	30	Intel	0.00	0.0	8	40	30	35	+5

12 Month High	Low	Stock	Div	Yld	PE	52 Wk High	Low	Latest	Change
30	20	Motorola	0.50	1.7	10	30	20	25	+5
20	10	Qualcomm	0.00	0.0	8	20	10	15	+5
10	5	Lucent	0.20	2.0	12	10	5	7	+2
5	2	Verizon	0.10	2.0	15	5	2	3	+1

12 Month High	Low	Stock	Div	Yld	PE	52 Wk High	Low	Latest	Change
15	10	WorldCom	0.00	0.0	10	15	10	12	+2
10	5	Earthlink	0.00	0.0	8	10	5	7	+2
5	2	Optonline	0.00	0.0	6	5	2	3	+1

12 Month High	Low	Stock	Div	Yld	PE	52 Wk High	Low	Latest	Change
10	5	Comcast	0.00	0.0	8	10	5	7	+2
5	2	Time Warner	0.50	1.0	12	5	2	3	+1

12 Month High	Low	Stock	Div	Yld	PE	52 Wk High	Low	Latest	Change
10	5	Verizon	0.10	2.0	15	10	5	7	+1
5	2	WorldCom	0.00	0.0	10	5	2	3	+1

12 Month High	Low	Stock	Div	Yld	PE	52 Wk High	Low	Latest	Change
10	5	Verizon	0.10	2.0	15	10	5	7	+1
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10	5	Verizon	0.10	2.0	15	10	5	7	+1
5	2	WorldCom	0.00	0.0	10	5	2	3	+1

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MARKET DIARY

JBS: U.S. Economy Cranks Up

Continued from Page 1

helped underwrite America's... Clinton...

N.Y. Stocks... Americans are managing to...

light Advance for Market... Stocks closed modestly...

ollar Drops Sharply After Reaching a High... chases large amounts of dollars...

Foreign Exchange... various blessing rate on Thursday...

Green Light for Caspian Oil... ALMA-ATA, Kazakhstan...

U.S. FUTURES... Wheat (CBOT)...

Metals... SOYBEANS (CBOT)...

Stocks... NYSE Most Active...

Commodity... NYSE Most Active...

Financial... NYSE Most Active...

Food... NYSE Most Active...

Stocks... NYSE Most Active...

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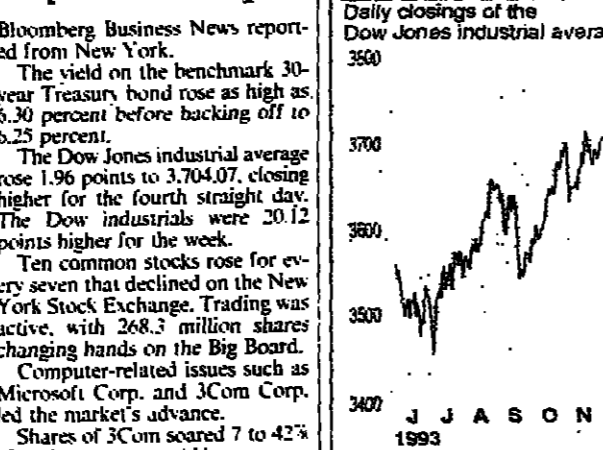
Commodity... NYSE Most Active...

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Food... NYSE Most Active...

Stocks... NYSE Most Active...

The Dow



Daily closings of the Dow Jones industrial average

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Dow Jones Averages

Open High Low Close Chg

Indus 3500 3500 3500 3500 -1.96

Transp 1733 1733 1733 1733 -0.52

Util 1354 1354 1354 1354 -0.72

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EUROPEAN FUTURES

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(A.P., Knight-Ridder, Reuters)

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2100	3500	2300
2000	2000	2200
1900	1900	2100
1800	1800	2000
1700	1700	1900
1600	1600	1800
1500	1500	1700
1400	1400	1600
1300	1300	1500
1200	1200	1400
1100	1100	1300
1000	1000	1200
900	900	1100
800	800	1000
700	700	900
600	600	800
500	500	700
400	400	600
300	300	500
200	200	400
100	100	300
0	0	200

Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam	CBS Trend	139.00	138.30	+0.51
Brussels	Stock Index	7,206.57	7,174.23	+0.45
Frankfurt	DAX	2,120.61	2,110.53	+0.48
Frankfurt	FAZ	812.85	806.65	+0.52
Helsinki	HEX	1,543.49	1,551.79	-0.53
London	Financial Times 30	2,441.90	2,445.90	-0.15
London	FTSE 100	3,234.20	3,223.90	+0.32
Madrid	General Index	301.49	301.25	+0.08
Milan	MIB	1,211.00	1,210.00	+0.08
Paris	CAC 40	2,188.40	2,160.45	+1.29
Stockholm	Affarsvaerlden	1,575.34	1,585.40	-0.57
Vienna	Stock Index	464.22	459.70	+0.98
Zurich	SBS	864.47	856.57	+0.83

Sources: Reuters, AFP International Herald Tribune

Very briefly:

- Marc Rich has formally reduced the number of shares he held in the raw materials company Marc Rich & Co., a company official said. The company had announced nine months ago that he would reduce his stake.
- Hungary has approved a draft bill that limits purchases of arable land by Hungarians and bans foreigners from buying farmland. The bill seeks to prevent widespread sales at a time of economic crisis for farmers.
- The Netherlands' trade surplus for the first half of 1993 doubled from a year earlier to 10 billion guilders (\$5.2 billion). The country posted a surplus of 23 billion guilders with European Community countries and a deficit of 13.9 billion with other countries.
- General Electric Capital Corp. agreed to acquire Mercantile, the consumer finance unit of Bank Austria Corp., for \$83 million, reflecting the GE unit's plan to increase its consumer-finance activities in Europe.
- Swissair said it is holding talks with Scandinavian Airlines System and Austrian Airlines AG on possible expanded links. The three airlines had long considered an alliance in conjunction with KLM Royal Dutch Airlines, but those talks recently ended without results.

EC Jobless = 3 Nations?

Reuters
BONN — Unemployment in the European Community will be equivalent to the total population of Belgium, Denmark and Ireland together, he said.

More than 17 million people are already out of work in the Community and the figure is forecast to top 20 million next year as economies shrink by 0.4 percent this year.

Mr. Williamson said economic growth would not pick up overnight but the commission believed it was possible to return to the strong growth rates of the late 1980s by the year 2000.

Reuters Said to Be Riled Over Globex

Bloomberg Business News
CHICAGO — Reuters Holdings PLC has demanded that the Chicago Board of Trade increase its commitment to Globex, the 24-hour electronic trading system, or leave the system in April, sources close to the negotiations said.

Reuters' ultimatum followed a meeting Monday in New York with Globex's owners, the Chicago Board of Trade and the Chicago Mercantile Exchange. Reuters

spent more than \$75 million developing Globex and leases the right to operate the system.

Officials at the mercantile exchange and Reuters declined to comment. Board of trade officials were not available for comment.

Globex, which allows traders to buy and sell futures and options contracts when the exchanges are closed, began operating in June 1992. The Chicago exchanges had

described the system at that time as the future of the industry.

Instead, it has become a source of friction between the two Chicago exchanges this year. The mercantile exchange has pushed for more aggressive marketing, while the board of trade has spread its efforts between Globex and Project A, another electronic trading system which it fully owns.

The board of trade originally

Ford's Europe Chief to Retire

Bloomberg Business News
DETROIT — William H. Fike, president of Ford of Europe Inc., will retire at the end of this year and his position will be eliminated, the carmaker announced Friday.

There had been reports that Mr. Fike, 57, was being recalled to the United States because Ford's top management was unhappy with Ford of Europe's financial performance. The subsidiary had a loss of \$1.3 billion in 1992 and \$711 million in 1991.

The unit is expected to show a loss of about \$500 million for 1993, according to an estimate by David Healy, an analyst with S.G. Warburg & Co.

Ken Brown, a company spokesman, said that the decision to retire had been "Mr. Fike's choice."

Alex Trotman, who succeeded Harold Poling as chairman of Ford Motor Co. on Nov. 1, said that Ford's European operations would do substantially better in 1994.

MERGER: Renault, Volvo Sift the Wreckage to See What Can Be Saved

Continued from Page 9
 opportunity to arise again," Mr. Schweitzer said.

In the meantime, Renault may look for other cooperation links for its bus and truck subsidiary, Renault Vehicules Industriels, he said.

With Volvo, Renault had aimed to create the world's biggest maker of trucks.

Mr. Schweitzer praised the French government for its efforts to seal the merger and, in a thinly veiled criticism of Volvo's shareholders and management, railed at

those who he said had turned the affair into what he called an "emotional and irrational" debate.

Mr. Schweitzer said Volvo's 20 percent stake in Renault would not hinder the French carmaker's transfer to private ownership.

Prime Minister Edouard Balladur, in a bid to allay Volvo executives' concerns about the merger, last month sent a letter to Stockholm promising that Renault would be privatized during the second half of next year.

The French state would have controlled 65 percent of a joint company, Renault-Volvo RVA, pending privatization of its stake, and anxiety about French domination was a constant theme in Volvo shareholder concern.

In Stockholm, Mr. Gyllenhammar made no secret of his contempt for the nationalist rhetoric of the debate in Sweden on the merger.

The Swedish government plans to take the country into the European Community in 1995 after a

referendum next year, though public opinion appears firmly opposed.

President François Mitterrand of France was less categorical about the broad meaning of the merger's collapse.

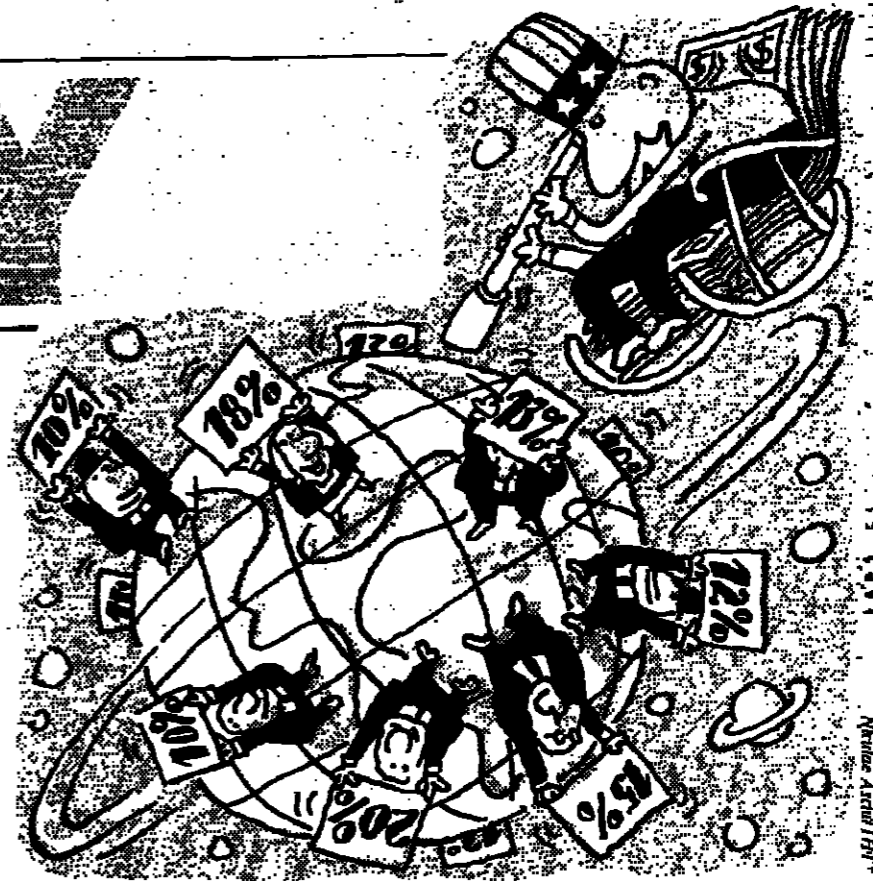
"Does it signal a desire by Sweden to distance itself from its goal to join the European Community as it has required? I don't see it that way," Mr. Mitterrand said on French radio. "A company's decision is not a government's decision. It does not augur well, though."

NASDAQ

Friday's Prices
 NASDAQ listing, New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld	PE	12 Month High	Low	Stock	Div	Yld	PE	12 Month High	Low	Stock	Div	Yld	PE
100	80	IBM	6.00	4.0	15	120	100	Microsoft	0.00	0.0	20	150	120	Apple	0.00	0.0	20
150	120	Oracle	0.00	0.0	15	180	150	Sun	0.00	0.0	15	200	180	Lotus	0.00	0.0	15
200	180	Novell	0.00	0.0	15	250	200	Perseus	0.00	0.0	15	300	250	Electronic Arts	0.00	0.0	15
300	250	WorldCom	0.00	0.0	15	350	300	VeriFone	0.00	0.0	15	400	350	WorldView	0.00	0.0	15
400	350	WorldTel	0.00	0.0	15	450	400	WorldCom	0.00	0.0	15	500	450	WorldCom	0.00	0.0	15
500	450	WorldCom	0.00	0.0	15	550	500	WorldCom	0.00	0.0	15	600	550	WorldCom	0.00	0.0	15
600	550	WorldCom	0.00	0.0	15	650	600	WorldCom	0.00	0.0	15	700	650	WorldCom	0.00	0.0	15
700	650	WorldCom	0.00	0.0	15	750	700	WorldCom	0.00	0.0	15	800	750	WorldCom	0.00	0.0	15
800	750	WorldCom	0.00	0.0	15	850	800	WorldCom	0.00	0.0	15	900	850	WorldCom	0.00	0.0	15
900	850	WorldCom	0.00	0.0	15	950	900	WorldCom	0.00	0.0	15	1000	950	WorldCom	0.00	0.0	15

THE MONEY REPORT



FIRST COLUMN

Bottom Line Of Saving: Beat Inflation

THINK of shortages, inadequacies, insufficiencies. Think of systems in crisis, systems that creak and finally break under intolerable strain. The images conjured up are perhaps those of hunger and suffering in Africa, or the Balkans. Or again, maybe the bitter death throes of Communism in Eastern Europe.

Think again. The affluent world of investing is facing its greatest-ever long-term crisis. The question is simple enough: Will the next generation of workers be able to pay for the support of tomorrow's retirees?

The answer, as so often the case with simple questions, is complicated. Demographics seem to suggest that the weight of numbers is against satisfactory pension provision, as the majority of developed countries find themselves with a top-heavy age curve. But that analysis is perhaps too simple. The argument about the number of people required to work (and, by implication to produce wealth) in a given society is endless. However, if you approach the argument that there is a shortage of wealth producers by looking at labor statistics you quickly form different conclusions.

Put at its very crux, the existence of substantial pools of unemployed people in developed countries favors the idea that there are enough wealth producers around already. That, of course, is only half of the equation: While it can be persuasively argued that aging societies will continue to have an adequate work force, there is no escaping the fact that there will be more pensioners to provide for.

Which is where the investment managers are supposed to come in and prove their worth.

Pensions centered on a particular country are supposed to be treated as deferred pay: You get a tax break and some help with long-term saving. The tax breaks usually help the investment performance.

For the international, expatriate investor who deals with more than one tax regime, things are different. Retirement investing here is best seen as a smart form of saving. The ultimate objective is to beat the rate of inflation in whichever country you live in. To do that over the long term is the essence of good personal investing.

M.B.

U.S. Pension Plans Buy Overseas

By Conrad de Aenlle

OVERSEAS investment by American pension plans was virtually unheard of a few years ago, but it is growing substantially, in line with—if slightly behind—the trend among other institutional money managers. Nevertheless, foreign holdings still make up only a small fraction of total assets. They may finally have packed their bags, but they're still traveling light.

Estimates of pension assets invested overseas vary considerably. One good accounting comes in a survey of the 148 members of the Financial Executives Institute, an organization of corporate financial officers. Foreign holdings of their defined-benefit plans totaled 11.9 percent of the \$600 billion-plus they owned at the end of last year. Two years earlier, the figure was 9.2 percent. In both years, just over 80 percent of their foreign assets were in equities.

InterSec Research, which tracks trends in the pension industry, puts total funds invested outside the United States at \$188 billion, as of June 30. Of the \$103 billion of that in actively managed foreign equity funds, or those not run to match the performance of a stock index, about three-fourths is run by managers with a broad mandate that lets them choose practically any foreign market in which they find suitable investments. Among those managers with more specific mandates, emerging markets, the Pacific Basin and Europe each get 6 or 7 percent of foreign assets.

David Salisbury, chief executive of Schroder Capital Management International in London, which manages \$5 billion for North American pension funds, is more conservative in his estimates. He puts the average foreign holding at 4 percent of assets, with a range from zero to 15 or 20 percent. While the total is low, he said, it is expanding.

"There was virtually no investment until the late 1970s; now U.S. pension funds have \$150 billion to \$200 billion invested in international markets," he said. "Whereas 10 years ago, U.S. pension funds had to be persuaded of the arguments for international investing, today the combination of the broader opportunity to capture world growth on the one hand, and the ability to diversify a portfolio away from the U.S. on the other, make it almost a fundamental given that they will invest a portion of their portfolios outside the United States."

This has been the case in spite of the relatively poor performance of many foreign markets, Mr. Salisbury said: "If you look at returns during the five years to the end of

1992, the U.S. substantially outperformed international markets. Despite that, in 1993 we've seen strong growth and a substantial amount of new money being invested internationally by both institutional and retail investors in the States."

What has prodded pension funds to take the leap, said Dallas Salisbury, president of the Employee Benefit Research Institute, is "a recognition of a global economy in which global diversification is the best long-term strategy; when we read about moving into the century of Asia after 50 years of American leadership. If you've got growth outside the U.S., you want to take advantage of it."

One reason U.S. plans remained almost untouched for so long by the wider investment universe in which they live is that their own chunk of that universe is the largest chunk out there. American companies make up about a third of the world's total stock market capitalization, so there is a lot to choose from. Also, so many domestic companies do much of their business abroad; when funds buy their shares, they are taking on overseas exposure.

"Most American pension funds view themselves as global investors by investing in U.S. companies," he said. "Many have the bulk of their business overseas. If I buy McDonald's, I have invested globally. If you look at it from that perspective, you could argue that a majority of U.S. pension assets are invested in such a way that the global economy is going to determine success or failure."

He concedes, though, that in the conventional way of looking at things, foreign holdings remain small: "Even among those companies that are going global, dollars invested outside are still small dollars relative to the sizes of the plans."

What has held them back are government regulations and the constraints of political correctness.

"There are still political pressures in the U.S. against unions and pension plans investing aggressively overseas," Dallas Salisbury said. But he observed that "that pressure, which in the 1980s kept most plans from investing overseas, has abated."

State and federal laws regulating the administration of pension plans can be particularly formidable obstacles to foreign investing. The principal set of rules for private pension plans, known by the acronym ERISA, requires plan sponsors to exercise prudence and monitor performance. That seems simple enough, but it's difficult to accomplish, in the eyes of the law, when the investments are in another country.

"A fiduciary may encounter a number of practical problems in trying to satisfy its duty to monitor foreign asset investment

Retirement Investing

- Page 15 Dealing with an aging world: Caledonian cleverness.
- Page 16 The need for dedicated pension products: unitized and with-profit fund performances.
- Page 17 The consumer's choice: Germany, Hong Kong and the United States compared.

performance and control foreign asset investment selections," an article that ran earlier this year in the Journal of Taxation of Employee Benefits commented. "For example, unlike U.S. investments, foreign investments generally are not subject to comprehensive disclosure requirements and regulatory standards."

The article goes on to say that because it can be harder to find out just what foreign companies do for a living, owning shares in them is more likely to present conflicts with ERISA, the Employee Retirement Income Security Act.

Pensions are not the only retirement plans available to American workers. Employee-stock-ownership plans, or ESOPs, and defined-contribution programs, such as the 401(k), make up an ever larger piece of retirement assets. In both, there is less likelihood of foreign investment than in traditional defined-benefit plans.

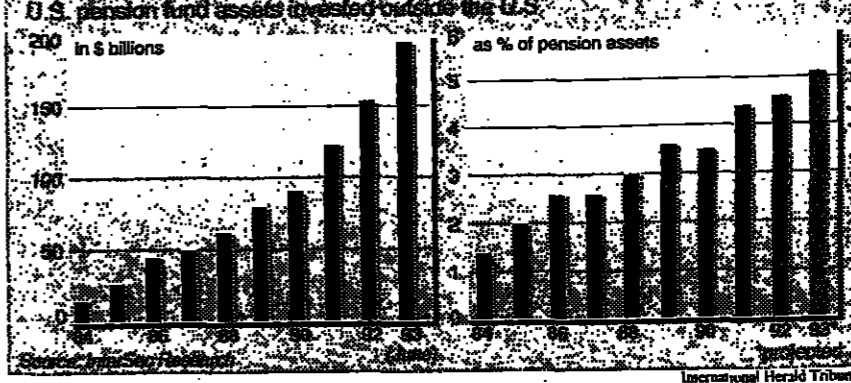
In an ESOP, employees are credited with shares of the employer's stock. In a 401(k), they get a tax break for regularly putting aside money in one of a handful of investment choices, often funds, and get a matching contribution from the employer, too.

"My guess would be that defined-benefit plans would be more likely to try international investing," Judy Anderson, of the Society of Actuaries, said. "Under defined-contribution plans, you'd like to offer more secure investments because the employee is at risk; under defined-benefit plans, the company is at risk. When the employer is at risk, he can take a chance for a greater return because it's all invisible to the employees."

People who follow the U.S. pension industry say more and more plans are going to take that chance.

"This is definitely going to be a trend," predicted Jim Kaitz, vice president for government relations at the Financial Executives Institute. "There's no question that, barring any restrictions from Congress or the administration, which we would oppose, you're going to see these numbers increase."

Overseas Exposure



Magnet of Emerging Markets

INSTITUTIONAL investors are plowing money into emerging markets at such a pace that investment in these markets accounts for 13 percent of the assets in their international portfolios, a six-fold increase in four years, according to a survey of managers of retail funds and pension plans.

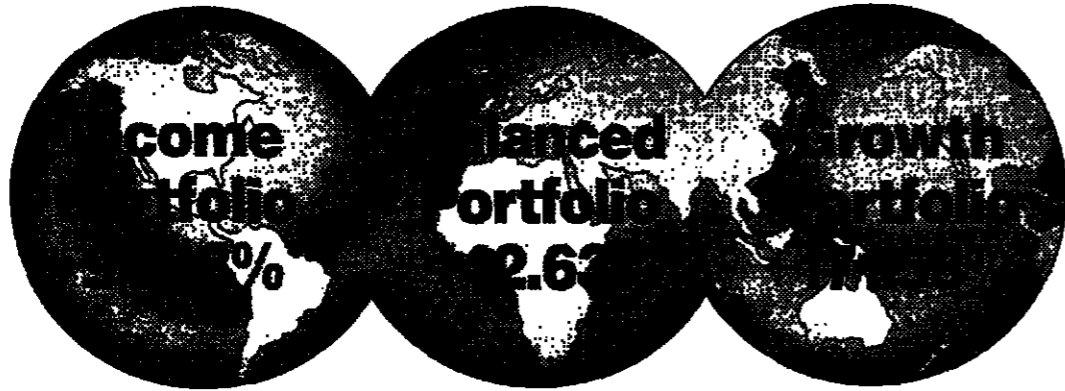
The survey of more than 40 fund managers in North America, Europe and Japan, conducted by Kleinman International Consultants, found that the average allocation of new money to emerging markets this year had increased 75 percent from a year earlier. Aside from their belief that the markets offer good investment opportunities, the managers cited strong interest by clients to explain their own heightened interest.

Despite the lingering affection for emerging markets in general, investment in the regions that in the past have held the greatest appeal is showing signs of cooling off. Latin America held 31 percent of the funds' emerging market assets, down from 39 percent last year, while the Pacific Rim took 30 percent of the money. That's up a bit from 49 percent in 1992, but much less than the 68 percent share of assets they registered in 1990.

IT'S not so much that managers have scored on those areas as that they are sprinkling their money around more markets. Southern and Eastern Europe attracted 10 percent of assets this year, compared with 6 percent in 1992. The biggest rise—in percentage terms, anyway—was seen in the markets of the Middle East and Africa. These now hold 4 percent of emerging market assets, up from just 0.5 percent.

— CONRAD DE AENLLE

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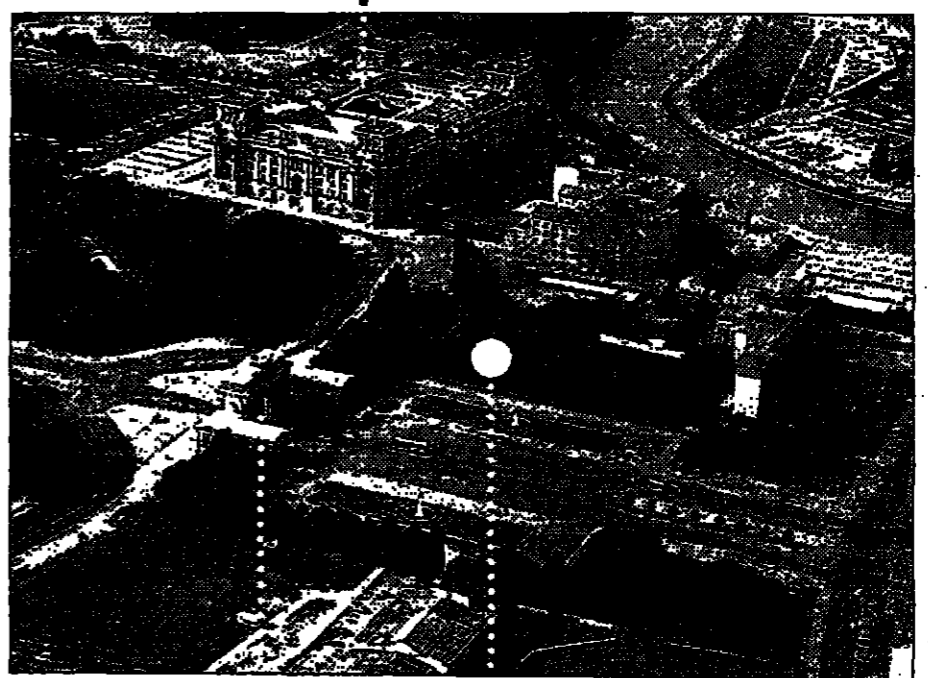
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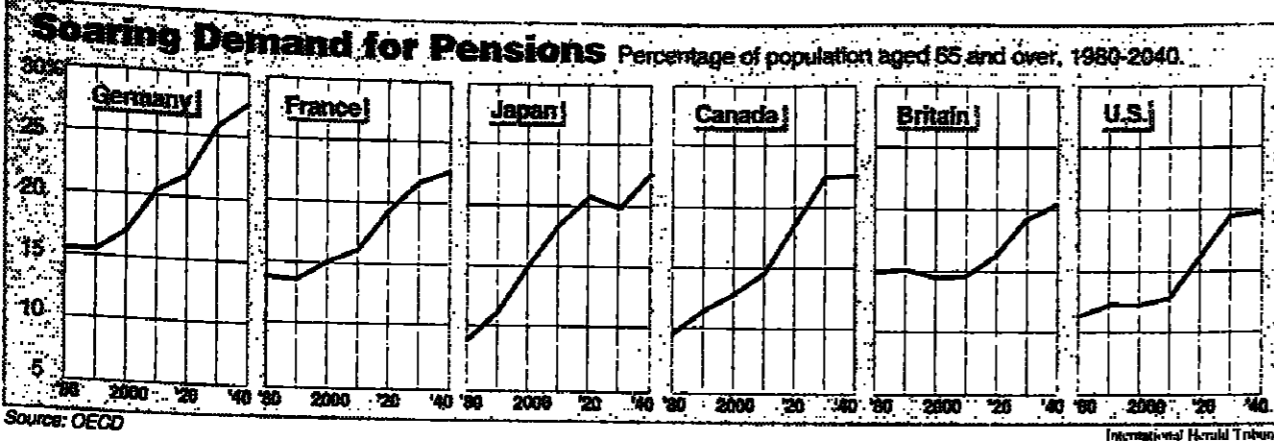
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THE MONEY REPORT



Retirement: The Baby Boom Challenge

By Philip Crawford

WE are all getting older. So what else is new? But the fact that so many of us are within sight of our days as pensioners is set to make traditional retirement resources scarce in the next century.

According to recent studies, the proportion of retirees relative to those still in the work force will increase sharply over the next 50 years in industrialized countries. Fewer workers will be contributing to national social security programs that more retirees will be drawing from. Many large corporations, moreover, are doing away with the traditional fixed-benefit pensions that provided workers with a measure of security for life, and experts look for that trend to continue.

Some see the situation as a golden opportunity for the investment industry. Since people may no longer be able to rely on national pension programs or paternalistic employers to help provide a decent retirement, goes the view, myriad savings-oriented investment products should flourish. Others, however, fearing that governments and individuals alike will not confront the problem until it's too late, refer to the growing proportion of senior citizens with a doomsday term: The demographic time bomb.

"This is a major problem in Europe, as well as in the United States, Japan, and other industrialized countries," said Nigel Hacking, a director of Aspen PLC, a London actuarial and pension consulting firm. "If it's not addressed on many levels, retirement resources are going to be awfully scarce, starting in about a generation from now."

The pure numbers are alarming: By the year 2040, the 65-and-over age group will represent nearly 22 percent of the population in devel-

oped countries, up from about 13 percent in 1990, according to OECD forecasts. The sharpest shifts will be in Germany, where the number of retirement-age people will rise 32 percent to 12.5 million, or nearly 28 percent of the population, and in Japan, where the 65-and-over group will nearly double to 27.2 million people, or to about 23 percent of the population.

In the United States, there will be about 61 million retirement-age people in 2040, up from about 30 million three years ago. Severe demographic shifts in the United Kingdom, France and Canada are also projected.

The forces behind the phenomenon appear simple enough: People are living longer and women are having fewer children. Due to better nutrition, medical services, housing and the like, the average life expectancy at birth in developed countries between 1950 and 1980 rose by more than eight years for women and by nearly six years for men, say studies. What is more, birth rates have generally been declining since the postwar baby boomers slowed down in the early 1960s. In the European Community, for example, only Ireland continues to show an upward sloping birth-rate curve, while the populations of Germany, Italy and Denmark are falling.

"But even if fertility does return to something approaching the replacement rate by the year 2000 or shortly after," wrote a London School of Economics professor, Paul Johnson, in a 1992 essay entitled Population Ageing and Employment Policies, "there will nevertheless be an enormous transitional problem by the third decade of the next century, as the postwar baby boom generation enters retirement and turns to the small cohorts of working age adults for economic support."

National social security agencies, said by critics to be short on planning for the upcoming imbal-

ance, appear to be aware, at least, of the problem. "The government has formally recognized that there will be difficulties with support ratios, and it is considering different ways to address them," said a spokesman for Britain's Department of Social Security, adding that the new British state budget, released this week, included increases for national pension funds. The spokesman also noted this week's decision that, due to expected demands on the system, pension eligibility for women will be gradually raised from age 60 to 65, the same as for men, beginning in 2010. Basic benefits in the United Kingdom are now about £3,000 (£4,400) a year.

In the United States, cynicism about the future of Social Security appears rampant among the so-called "baby boomers," who wonder if the system into which they've been paying for more than a generation will even exist when they reach retirement age. The average U.S. Social Security benefit is now about \$7,900 a year.

"We're well aware that the baby boomers will soon be approaching retirement age," said a spokesman for the U.S. Social Security Administration, in Baltimore. "And certain provisions are being made for that." The spokesman declined to speculate if increases in contribution requirements were planned, but said that Social Security trust funds, by current projections, would be exhausted by 2036. "There's nothing being done at present to address that," the spokesman said.

In Japan, where confidence in the future is reaching new lows with each slide in the Japanese stock market, planning for upcoming demographic shifts appears to be on the back burner, say some analysts. "There is going to be a huge liability that will have to be borne by a much smaller group of working people," said Harold Kaha, the managing partner for

international practice at the U.S. accounting firm Price Waterhouse in Tokyo. "And I don't know that the financial infrastructure here has made plans to meet that obligation."

"Traditionally," added Mr. Kaha, "older people here have been taken care of by their children. But with the sheer numbers involved in the demographic forecasts, that system may wear thin pretty quickly."

Scenarios similar to those feared for the first half of the 21st century are already appearing on a corporate scale, due to the industrial downsizing that has characterized the global business climate over the past few years, say analysts. When a company decides to cut its work force, for example, the offering of early retirement packages to some employees is typically part of the strategy. But enhanced benefits must sometimes be included to entice employees to accept the deal. When the company agrees to pay enhanced benefits, it may dip into the pension fund of the remaining employees to cover them.

Amid the alarming demographic forecasts and widespread doubts about the ability of national and corporate pension programs to adequately relieve the pressure, some predict a mass flocking to the investment industry's doors. The Investment Company Institute, the trade association for the U.S. mutual fund industry, recently published a report on current demographic patterns, referring to the aging of the baby boom generation as "a tremendous opportunity for investment companies."

"There are 77 million Americans who were born between 1946 and 1964," said John Collins, an institute spokesman. "And we are keenly aware of the fact that they are starting to think about retirement income. The mutual fund industry anticipates increased demand for its products from this group, and it is ready to meet that demand."

Are Scots Really No Cannier Than Thou?

By David Hunt

AMONG European countries, the British pride themselves on their ability to manage risk investment, particularly equities—a favorite medium for funding pension investments. And among the British themselves, the Scots lay claim to an extra level of investment acuity. But don't believe all the hype about the canny Scottish fund manager.

This well nurtured image took a knock this fall with the publication of a survey showing that in the influential pensions market, as a group, the Scots have consistently underperformed the average of British funds in recent years.

The survey, produced by Glasgow-based consulting actuary Hymans Robertson, revealed that over the period 1985-1992 the Scottish fund management groups underperformed the average by 0.6 percent a year. Despite some good performances—notably by Baillie Gifford and Stewart Ivory—the Scots were dragged down by being overweight in property and stocks of smaller British companies.

"There is nothing special about the Scots," said Russell Borland, one of the authors of the report. "There are good managers and bad the same as everywhere else."

This is the eighth year that Hymans Robertson has surveyed the U.K. pension fund investment market. Taking in over 90 managers, which between them manage some £670 billion (more than \$1 trillion) of assets, the survey concludes that 1992 "turned out to be a surprisingly good year for pension fund returns." Investment in British equities saw an overall return of 20 percent a year during 1991 and

1992, despite falling earnings and dividends, while overseas equity investment benefited (in sterling terms) following the British pound's withdrawal from the exchange rate mechanism.

The report also notes a growing interest in paying investment managers according to their performances, stimulated no doubt by the significant rise in investment management charges generally. The survey recorded a 17 percent increase in the average charge for managing a balanced fund over 1991 followed by a 9 percent rise last year.

Within the increased fees, considerable variations in the levels of fees charged by individual managers were found. A fund of £100 million could find itself paying anything between £98,000 at the lower end of the scale right up to £560,000.

"There is some correlation between higher fees and better performance," says Mr. Borland, "in that fund managers who have performed may well have felt justified in pushing their fees up."

The report lists Mercury Asset Management as the biggest money manager in the United Kingdom, with £46.5 billion under management. They are followed by Prudential (£43.6 billion) and Standard Life (£28.6 billion). Mercury also tops the list for the management of pension funds, followed by PDFM, a subsidiary of the Union Bank of Switzerland, and Schroder Investment Management.

For passive pension fund management, BZW, 100 percent owned by Barclays Bank, has cornered the lions share of the market followed by insurers Legal & General and County NatWest.

When it comes to consistency of

performance however, Edinburgh-based independent Baillie Gifford heads the field. The company topped the list for average fund performance among U.K. balanced segregated fund managers for the years 1988-92.

In its comments on the company, Hymans Robertson says that "its

clear style provides a welcome contrast against the industry norm. Baillie Gifford has a nonstandard approach to client servicing through a specialist team rather than fund managers and although its concentrated approach produces volatile results, its longer term record is pretty consistent."

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3 years	5.125	5.39
2 years	4.75	4.86

*Interest is credited annually to give a higher return on your money. For example £10,000 deposited for 5 years becomes £13,225 equivalent to 6.45% p.a. gross. Higher rates are paid for amounts of £25,000 and above. As these are fixed rates accounts with draws before maturity are not permitted. The examples quoted assume the full annual interest remains invested until maturity.

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Prudential (2)	43,649
Standard Life (3)	28,630
Norwich Union (4)	25,626
PDFM (6)	25,316

Most Consistent
1988-92 U.K. balanced segregated fund managers

Baillie Gifford
Clerical Medical
Framlington
Gartmore
M&G

Top ten Scottish Managers
By size of segregated pension funds

	over 3 years	over 5 years
Baillie Gifford	+17	+17
Scottish Widows	+13	+16
Murray Johnstone	-24	-15
Scottish Amicable	+4	+3
Martin Currie	-13	-12
Standard Life	-3	-3
Ivory & Sims	+14	+18
Edinburgh Fund Mors	+4	-13
Stewart Ivory	+4	+11
Dunedin Fund Mors	-43	-24

Source: Hymans Robertson

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	POSITION IN SECTOR	FUNDS IN SECTOR	POSITION IN SECTOR	FUNDS IN SECTOR
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Emerging Companies	1	43	3	104
American Growth	1	24	3	52
Far Eastern Growth	3	24	7	41
Japanese Growth	4	103	-	-
European Growth	4	24	7	51
UK Growth	1	38	1	41
Global Bond	41	134	-	-
Asian Smaller Markets	3	53	-	-

Positions are to 1st November 1993 and are on an after-to-offer US Dollar basis, inclusive of reinvested income, net of withholding taxes. Source: Mirocapital.

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THE MONEY REPORT

With-Profit, Unit-Linked Offer Choice of Styles

By David Hunt

THE pensions market in the United Kingdom is probably the most highly developed anywhere in Europe. Aided by generous tax incentives and a government eager to encourage private provision to reduce its own spending in the pensions area, Britons are faced with a bewildering range of choice.

Regulation in the United Kingdom, though strict, is such that the insurance industry, the main providers of personal pensions, has been able to devise products to fit a variety of needs. There are contracts for the employed, the self-employed as well as separate arrangements for executives. There are self-administered pensions for people who want to handle the investment of their funds themselves. There are specific contracts to top up existing pension provision, and facilities which allow policy holders to take loans from their pension funds. Pension policies can also be used to back a mortgage loan.

At the center of the decision-making process for anyone taking out any sort of pension however, is an argument that has raged in the United Kingdom, off and on for at least the last two decades. Which type of fund is the better — with-profit or unit-linked?

Investments between funds or to switch, often with no charge, from one to another.

John Hay, business development manager at Scottish Provident, a pension provider, illustrates the difference by comparing the investment split of the average with-profit fund with that of his own unit-linked managed fund.

"At the end of 1992," he said, "the average with-profit fund had 21 percent in fixed interest, 57 percent in equities, 13 percent in property and 9 percent in cash. This will have changed over the last 11 months, but not by much. By contrast our Managed Fund has 7 percent in fixed interest, 89 percent in equities, 1 percent in property and 3 percent cash."

Stephen Phillips, marketing manager at specialist pension company National Mutual Life, believes that the perception that unit-linked funds are riskier, is changing. While admitting that the with-profit approach still appeals

to the more cautious investor, he points to the "soft-landing option" that an increasing number of companies are introducing on the unit-linked side.

"People want to benefit from the higher growth potential of equities, particularly in the early years of their pension contract," he said. "We then offer them an automatic switching facility in the last five years before retirement, whereby 75 percent of their fund is moved progressively into fixed interest and cash to consolidate the gains they have already made."

"You may lose some of the growth potential in the last five years," he said, "but you are capping out your profits."

In the battle between the two philosophies, the unit-linked approach is emerging as the clear winner. Over the last two years, the majority of British pension providers have ceased marketing with-profit policies in favor of new, unitized with-profit contracts.

Described by Mr. Phillips as being "like a smoothed managed fund" it combines the flexibility of unit-linking with some of the guarantees of the with-profit contract.

In the unitized with-profit contract, a guaranteed bonus of around 3 or 4 percent is usually offered, which is then topped up each year by bonus units.

The "smoothing" technique is still used, so there is no possibility of losing half the value of the fund overnight, which could happen with a unit-linked fund.

Companies reserve the right to apply a market value adjustment mechanism, to cope with market swings. Bob Pandya, pensions product manager at London Life explains that the unitized with-profit contract is "a halfway house between the traditional with-profit and unit linking. It gives the stable nature of conventional with-profits but allows all the flexibility of unit linking."

Top Past Performances

Table with columns for Company, 15 yr term, and 10 yr term. Lists various investment funds and their performance metrics.

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Pension Planning: Can You Go It Alone?

As job markets throughout the developed world grow ever more volatile, the market for independent pension products is growing fast. But the performance of these pension plans frequently fails to live up to the sales pitch, tax planners warn.

BRIEFCASE

How a Wild Spending Spree Can Help You Afford a Car

A U.S. credit card perk which foots part of the bill for a new car will soon be available in Britain. Starting Jan. 1, General Motors, Visa and MasterCard will issue a joint card that allows users to apply rebates on purchases toward the purchase of a GM auto.

Mercury Asset Management Offers a Base Metals Fund

Mercury Asset Management is launching a closed-end fund specializing in base metals and the shares of companies that produce them. Unlike many funds, which are introduced after the target market has made a spectacular run — all the better to attract shareholders' money — this one is being offered to the public after a long depression

in the prices of base metals, which are off more than 40 percent from the late 1980s.

Mercury bills its World Mining Trust as the only London-listed closed-end fund, or investment trust, that trades in the mining and metals industry worldwide. The company said the initial offering had far exceeded the £50 million (\$75 million) that it had expected to raise.

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THE MONEY REPORT

Asians Display New Interest in Pensions

By Kavita Daswani

WIDESPREAD social and cultural changes in Asia in the past decade have resulted in Asian executives showing new interest in pension plans, and beginning to arrange for their retirement years much earlier.

Chinese rule — has precipitated heightened interest among senior business people in moving their assets overseas.

According to Cindy Cheung, senior trust investment manager at Banque Natiale de Paris in Hong Kong, cash deposits in offshore tax havens are increasingly popular.

Up until about 10 years ago, the majority of Asians took it for granted that their children would look after them in their later years, and rarely thought about organizing their investments so they could be assured of a comfortable retirement.

A Focus on New Investment Strategies

By Michael D. McNickle

SQUIRRELING away money for retirement is a given. But how much, and what type will leave an investor comfortable decades from now?

Table showing percentages for various investment strategies: 50%, 14%, 11%, 10%, 8%, 7%

Hewitt Associates also notes that of the 3.3 million Americans covered under 401(k) plans, worth a total of \$90 billion, fewer people than expected rolled over their plans into IRAs when they left their employer.

Prospects for Social Security payments, inflation and increased taxes coupled with lachrymose performing bonds, sets the stage for cash-strapped retirees.

These factors, experts say, make it increasingly important for investors to pay more attention to the types of investment in their individual Retirement Accounts and 401(k) plans, and more carefully select what goes in them.

Foreign shares and the rest in bonds (based on average performance) would be worth more than \$1.5 million today. A portfolio made up of bonds would be worth \$1.25 million during the same period.

Another thing to watch is the amount of employer company stock that finds its way into a 401(k). Many employers routinely contribute shares of the company into retirement plans.

Germans Pick Insurance

By Ann Brocklehurst

GERMANY'S low birth rate, its worst postwar recession, and the financial and social costs of unification are causing Germans to worry more about investing for their retirement than they have in decades.

Their favorite solution is the "mixed" life insurance policy with payout either upon death or retirement. According to the 1992 annual report of Allianz Leben, benefits paid by life insurers will account for about 30 percent of social security pensions in Western Germany in the year 2000.

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SPORTS

Clinic

By Ruth
NEW YORK
 Clinton complains to a bit of credit liberal press. Surely he is a fish a little bit reluctant to be of all a midcent. As a knows enough philosophy plight of the or otherwise? We are hardened political label — invites in moronic, whose idea her hammer

Chinese Women Win More Gold At Asian Games

The Associated Press
MANILA — Wang Junxia, who set world records in the women's 3,000 meters and 10,000 in September, won the 10,000 on Friday for China's sixth gold medal in nine events in the 10th Asian Track and Field Championships.

Ibrahim Ismail of Qatar won the men's 400 meters in meet record time and Japan captured its first gold after four days of competition. Wang finished in 34 minutes, 19.32 seconds, nearly five minutes

2 Swimmers Set Records Twice At World Meet

The Associated Press
PALMA DE MALLORCA, Spain — Dai Guohong and Le Jinyi each broke world records twice on Friday — first in the preliminary heat and later in the final — to continue the Chinese women's domination of the World Short Course Swimming Championship.

Another world record was set by Angel Martino in the 100-meter backstroke, her 58.50 seconds topping the old mark of 59.89.

Chinese women have set five world records and have won six of eight gold medals in two days.

Dai set a record of 2:32.89 in the preliminary heat of the 200-meter breaststroke, then lowered the mark to 2:21.99 in the final.

Le set a mark of 24.23 in the 50-meter freestyle final, topping a time of 24.62 the swimmer in the preliminary heat to break the 24.75 record of Germany's Franziska van Almsick.

off the world record of 29:31.78 that she set in the National Games in Beijing in September. Her teammate Zhang Lirong finished second in 35:28.99 and F. Jayanti of Malaysia took the bronze in 36:14.84.

China has won 18 gold medals, 11 silvers and three bronzes in 31 events.

Ismail finished in 45.55 seconds, bettering his own record of 43.60 set in New Delhi in 1989. Li Shon Ju of South Korea won the silver in 46.47 seconds and Koji Ito of Japan the bronze in 46.63.

Japan's first gold went to Nobuharu Asahara in the men's long jump with a distance of 8.13 meters. Chao Chikuo of Taiwan won the silver with 8.09 meters and Nai Hui-fang of Taiwan the bronze with 8.08 meters.

Kim Soon Hyung of South Korea took the gold in the men's 1,500-meter race in 3:38.60 minutes. Bahadur Prasad of India was second in 3:38.95 and Ahmad Ibrahim of Qatar took the bronze in 3:43.02.

The formidable Chinese also won golds Friday in the women's 400-meter individual, women's javelin, women's 400-meter relay and the women's 1,500 meters.

Ma Yuqin of China won the women's 400 meters in meet record time of 51.23 seconds, besting the 1989 record of 51.90 set by P.T. Usha of India in New Delhi.

Rabia Abdul Salam of Malaysia was second in 52.56 and Kalawati Sarama of India took the bronze in 52.83.

China's Li Zhan also set a meet record in the women's javelin at 62.14 meters (203 feet 10 inches). Y. Oksana of Uzbekistan was second with 59.84 meters and Ha



Rabia Abdul Salam of Malaysia was helped by a teammate and officials Friday when she collapsed after the 400 meters at the Asian Games in Manila. She finished second, behind China's Ma Yuqin.

Xiaoqian of China won the bronze with 57.44 meters.

The previous record of 61.64 meters was set by Tang Guo Li of China in Tokyo in 1981.

Yan Wei of China won the women's 1,500 meters in 4:17.78 minutes.

Yosuka Ichikawa of Japan took the silver in 4:19.66 and Motly Chako of India, who ran barefoot, won the bronze in 4:20.98.

Qu Yunxia of China, the world record holder in the 1,500 meters, did not compete in the event. She won the 3,000 meters Thursday.

The Chinese women won the 400-meter relay in 43.84 seconds. Taiwan won the silver in 45.12 and India the bronze in 45.34.

China's men also won their 400-meter relay, in 39.47 seconds. Japan won the silver in 39.65 and Thailand the bronze in 40.02.

Phils Deal Williams to Astros, Martinez Is Signed by Indians

Compiled by Our Staff From Dispatches
 Less than two months after giving up only the second home run to end a World Series, Mitch Williams was rescued from a Philadelphia purgatory when he was traded by the Phillies to the Houston Astros.

Williams, who probably would have had to endure daily reminders of his devastating World Series failures with the Phillies, was traded to the Astros for their closing relief pitcher, Doug Jones, plus a young pitcher, Jeff Juden.

The Cleveland Indians, spending big as they prepare to move into their new stadium, signed pitcher Dennis Martinez and first baseman-designated hitter Eddie Murray.

Williams, a 29-year-old left-hander, received death threats during the postseason and his house in New Jersey was vandalized after he wasted a 14-10 eighth-inning Phillies lead over the Toronto Blue Jays in Game 4. In Game 6, he failed to hold a 6-5 ninth-inning lead, allowing Joe Carter's three-run homer that gave the game, and the series, to the Jays.

"I'm happy about it," Williams said at his ranch in Elgin, Texas. "I wanted to play in Texas a long time and now, finally I get the chance."

Williams was 3-7 with a 3.54 ERA and 43 saves during the season, but blew four of seven chances in the postseason. Some thought Phillies fans would have taunted him if he returned to Philadelphia.

Cleveland signed Murray and Martinez thinking it can contend for a playoff spot in the expanded postseason next year.

Murray hit .285 last season for the Mets with 27 homers and 100 RBIs. He has driven in 75 runs or more in 17 consecutive seasons, the second-longest streak of that type behind Hank Aaron's 19 seasons.

Martinez, 38, was 15-9 with a 3.85 ERA for the Montreal Expos. He is 208-165 in 16 seasons and is one of only seven pitchers to win 100 games each in the American and National leagues. (NYT, AP)

Price Storms to 7-Shot Sun City Lead

The Associated Press
SUN CITY, South Africa — Nick Price of Zimbabwe hit six birdies in a six-under-par 66 to take a commanding lead Friday after the second round of the Million Dollar Challenge golf tournament.

Nick Faldo, the world's top-ranked player, who had shared the lead with Price after the first round, shot 73 to fall to second place at four-under 140 to Price's 11-under 133.

Price, who won four U.S. tournaments this year, is looking to avenge his traditional bad luck at the Million Dollar Challenge, which offers a \$1 million first prize, the richest in golf.

Last year, Price shared the third-round lead but was disqualified in a controversial call. He was forced to pull out of the tournament twice before, once with appendicitis and once with a broken thumb.

"I wanted so badly to bring my best form to this course, because previously I have never really fired on all cylinders here," Price said.

Price's 11-under halfway total equaled the tournament record set in 1989.

Faldo, paired with Price, started the day with a seven-meter (76-yard) birdie putt on the first green. Price answered with his own on the second, 8th and 10th.

An spectacular 15-meter putt on the 11th gave Price his fourth of the day, followed by two shots on the 13th and 15th.

Faldo, who also was disqualified last year, said he had trapped himself in a number of tricky putts.

"All I can do now is try and keep chipping away and see what happens," he said.

David Frost of South Africa, the defending champion, improved one shot from Thursday with a two-under 70 and stood at 141, along with Bernhard Langer of Germany, Corey Pavin of the United States, and Mark McNulty of Zimbabwe.

Fulton Allem of South Africa finished the day at two-under 142. His compatriot Ernie Els fired 68, but after his opening day finish at four-over he shared fifth place at 145 with Mark O'Meara of the United States.

A Rarity for a Bears vs. Packers Matchup: Both Teams Have Winning Records

New York Times Service
PACKERS (7-4) AT BEARS (6-5): KEY STAT: Packers beat Bears 17-3 in Week 9; Bears lead NFC in pass defense (161.6 yards allowed per game). **COMMENT:** This is the first time in 30 years that these teams meet with winning records in the second half of the season. That is more a statement on the Packers resurgence than the Bears, but Chicago deserves tremendous credit for victory.

NFL MATCHUPS

ATLANTA (5-6) AT PITTSBURGH (7-3): KEY STAT: Pittsburgh's offense has scored 29 points in its last five games. **COMMENT:** This is critical to Pittsburgh's playoff chances. So is a healthy Barry Foster, who is questionable with knee injury. Look for a big turnover game to be provided by the Pittsburgh defense. **STEELERS BY 9.**

RAIDERS (6-5) AT BILLS (8-3): KEY STAT: Raiders No. 1 in pass defense and No. 2 in overall defense league-wide. Bills' Thurman Thomas has 13 rushing yards for 1,000. **COMMENT:** Jim Kelly said that some Bills quit on certain plays in Buffalo's loss at Kansas City. The Raiders probably had the same problem in losing at previously winless Cincinnati. The last time the Raiders visited Rich Stadium was in the 1990 AFC Championship game. Buffalo won by 51-3. It won't get that nasty this time but it should be cold, damp and a game where the warm-weather Raiders must forget about the elements and perform. **BILLS BY 6.**

VIKINGS (5-6) AT LIONS (7-4): KEY STAT: Vikings front four led by Chris Dooleman (nine) owns 29.5 of team's 34 sacks; Lions beat Vikings 30-27 in Week 9. **COMMENT:** With Barry Sanders out with a knee injury, Detroit must spread the ball on offense to receivers Herman Moore and Brett Perriman and to work in bruising back Derrick Moore. This could work in Detroit's favor. Jim McMahon starts again for Minnesota and Detroit will blitz him into submission. **LIONS BY 3.**

REDSKINS (2-9) AT BUCCANEERS (3-8): KEY STAT: Redskins punter Reggie Roby leads NFC with 44.6 yard average; Buccaneers' Hardy Nickerson has 146

tackles and 10 or more in every game. **COMMENT:** Washington, hurt by injuries all season, has now lost rookie cornerback Tom Carter and looks like a team that will struggle to win another game. The Buccaneers looked sharp vs. Minnesota and played well at Green Bay. They are an improving team on both sides of the ball and especially at quarterback, where Craig Erickson has 13 touchdown passes. **BUCCANEERS BY 15.**

FALCONS (5-6) AT OILERS (7-4): KEY STAT: Saints Bobby Hebert has 17 TD passes, three short of his career high; Oilers can win seventh straight for first time since 1962. **COMMENT:** "You have a quarterback who is tough, who runs the ball well and has a quick release. It helps any line." The Falcons Mike Kenn said that after Hebert led Atlanta past Cleveland, it was a round-about swipe at injured Chris Miller, who had been criticized by teammates for his lack of toughness. The Oilers are finally playing that way, with grit and aggressiveness on both sides of the ball. **OILERS BY 8.**

SAINTS (7-4) AT BROWNS (5-6): KEY STAT: Saints Morten Anderson has four game-winning field goals in '93; Browns have converted league-best seven of nine fourth downs (77.8 percent). **COMMENT:** Vinny Testaverde returns at quarterback for Cleveland but it is likely to late to make a difference in the Browns seasons. The Saints are scratching their way into the playoff picture and rookie back Derek Brown is a reason why. He ranks third among all rookie backs with 596 rushing yards and has helped New Orleans average 4.7 yards per rush, best in the league along with San Francisco. **SAINTS BY 5.**

BRONCOS (7-4) AT CHARGERS (5-6): KEY STAT: Broncos beat Chargers 34-17 in Week 2; Chargers scored team-high 31 points in win at Indianapolis. **COMMENT:** With Stan Humphries back and healthy at quarterback, the Chargers believe they can make another late-season run and if not win the division then certainly make the playoffs with a 10-6 record. Beating the Broncos is a big step, especially since Denver plays host to Kansas City next. Humphries is key but the San Diego defense is the critical element. It must contain John Elway and Denver's speedy receivers and stout and swift tight end, Shannon Sharpe. For another week, the Chargers keep their hopes alive. **CHARGERS BY 1.**

CHIEFS (8-3) AT SEAHAWKS (5-6): KEY STAT: Chiefs have won 16 of last 20 divisional games; Seahawks safety Eugene Robinson has seven interceptions. **COMMENT:** Kansas City limited Buffalo to 43 rushing yards and got back on track defensively. Seattle back Chris Warren presents another challenge but not one the Chiefs can't handle. And the Chiefs offensive line is jelling, providing ample passing time for Joe Montana and easy running lanes for Marcus Allen. **CHIEFS BY 7.**

RAMS (3-8) AT CARDINALS (3-8): KEY STAT: Rams' Jerome Bettis leads rookie backs with 776 rushing yards; Cardinals have seven losses by seven or fewer points. **COMMENT:** The Rams are rebuilding and the Cardinals thought they had rebuilt, especially when they were active in the free agent market and got Gary Clark and Steve Beuerlein. No go. Coach Joe Bugel likely won't return and the best he can do is a 500, 8-8 season. For a week, the Cardinals gain a reprieve. **CARDINALS BY 7.**

GIANTS (8-3) AT DOLPHINS (9-2): KEY STAT: Giants have allowed league-low three rushing touchdowns; Dolphins are 11-0 vs. NFC in Joe Robbie Stadium. **COMMENT:** Two teams on a roll living charmed seasons meet here. Miami won on the incredible Leon Lett play in the last seconds over Dallas; New York won on a last-second, 54-yard field goal by Brad Daluiso vs. Phoenix. The Giants tough running game and physical play will keep the game close but it is the Miami defense that should win this game. **DOLPHINS BY 3.**

BENGALS (1-10) AT 49ERS (8-3): KEY STAT: Bengals make first trip to Candlestick Park in nine years; 49ers gained 539 yards vs. Rams. **COMMENT:** Credit the Raiders and avoiding that nasty string. But the Bengals will be in awe of the 49ers. Expect the 49ers to jump on the Bengals quickly and to dismiss them late. Jerry Rice, with 13 touchdown catches, will outrun the Bengals secondary all day. **49ERS BY 23.**

EAGLES (5-6) AT COWBOYS (7-4): KEY STAT: Eagles have lost three straight to Dallas; Cowboys Michael Irvin needs 79 yards for third straight 1,000-yard receiving season. **COMMENT:** Dallas is coming off its second two-game losing streak of the season, but has had 10 days to prepare for this game. Expect the Cowboys to shine. **COWBOYS BY 15.**

These National Football League matchups were written by Thomas George of The New York Times. Odds were provided by Harrah's.

DENNIS THE MENACE

DO YOU BELIEVE IN YOURSELF?

PEANUTS

GET READY, MARCIE... HERE COMES THE KICKOFF...

I'M READY, SIR... RESEARCH SHOWS THAT IF A GIRL DOES NOT PARTICIPATE IN SPORTS BY THE TIME SHE'S TEN, SHE'S THIRTY-FIVE...

BONK!

YOU'LL NEVER BE THIRTY-FIVE, MARCIE...

CALVIN AND HOBBES

MY WORKWORLD WAS GOING TO GIVE ME A "D" ON MY PAPER, BUT I TALKED TO HER AFTER CLASS AND TOLD HER HOW I BAWL OUT OF TIME AND COULDN'T WRITE ALL I WENT ABOUT THYRAGASURE.

SHE SAID I'D HAD PLENTY OF TIME TO DO THE ASSIGNMENT, BUT SHE ADMITTED THAT WERE I'D PICKED TOO COMPLEX A SUBJECT.

SO SHE RAISED MY GRADE TO A "D" AND TOLD ME I SHOULD TRY TO PICK REALISTIC GOALS AND PLAN MY TIME BETTER.

I GUESS WE LEARNED A LESSON, WHY?

I'LL SAY... SPOON-TALKING THE TEACHER REALLY PAYS OFF.

JUMBLE

PROAV

TABE

QUETEA

EVIDID

Answer from: _____

BLONDIE

THE NEW TECHNOLOGY HAS ME BAPFLED

THESE BUTTONS LET YOU OR LONG PLAY...

AND THESE BUTTONS ARE THE SAME THINGS, WHICH BUTTON DO YOU WANT?

THE "ON" BUTTON

WIZARD of ID

TURN ME INTO SOMETHING THAT I MAY DRIVE MEN CRAZY!

I'LL GET YOU FOR THIS! OX!!!

BETLE BAILEY

ZERO, I'M SICK OF EXPLAINING THINGS TO YOU!!

WHAT CAN I DO?! I'VE REACHED THE END OF MY ROPE!

UH... BUY MORE ROPE?

REX MORGAN

YOU KNOW, REX... FOR EVERYTHING IS RIGHT WITH THE WORLD TONIGHT?

I KNOW WHAT YOU MEAN... LET'S GO OUT TO DINNER AND CELEBRATE WHILE WE CAN!

I'M LEAVING EARLY TOMORROW, DEX! THERE'S PLENTY IN THE FRIDGE FOR LUNCH.

DON'T WORRY... SOMETHING GOOD NIGHT, SISTER!

DOONESBURY

Dial Test: I think I recognize your man. Here's former Ambassador Duke... named to be our man in China. Exit Wound.

Exit Wound: That's the missing piece? To was the Chinese who hired Ruby to influence Oswald. For the FBI. Where can I find this Duke... is he alive?

Doubt it. He would know too much. I'm sure he's died under mysterious circumstances by now.

SO WHAT YOU'VE BEEN SENT TO DALLAS?

ABOUT 30 MESSAGES.

GARFIELD

I'VE ACHIEVED "EXASPERATING" AND I'VE ACHIEVED "EYE-POPPING"!

THONK!

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SPORTS

Behind Olajuwon, Rockets Stop Knicks To Tie Victory Mark

NEW YORK — The Knicks couldn't do it, and neither could 14 teams before them. Will the Hawks do it Friday night? The job is beating the Houston Rockets, keeping them from setting a National Basketball Association record with a 16-0 start. That would be one more victory than Red Auerbach's Washington Capitols had at the start of the 1948-49 season. Led by Hakeem Olajuwon's season-high 37 points, the Rockets beat New York, 94-85, Thursday. Olajuwon not only scored big, he completely dominated rival center Patrick Ewing in every facet of the game. It got so one-sided that Ewing was booed by the home crowd after throwing up one too many off-balance long shots. Ewing finished with only 12 points and missed his last 12 shots. Olajuwon outscored him, 13 to 8, and had three blocked shots to Ewing's one. Olajuwon also had more assists (5-1). "Patrick is my toughest opponent," Olajuwon said. "You have to be prepared to play him. I just played my game and I guess I was lucky. When he comes back to Houston, he'll be coming after me." That rematch won't take place until Feb. 24, when the Rockets will have already played 50 games. "They kicked our butts," said Ewing, who never established him-



Michael Stich was stretched to five sets by Jason Stoltenberg in the Davis Cup opener on Friday.

Germans and Australians Tied in Davis Cup Final

Compiled by Our Staff From Dispatches DUSSELDORF — Germany and Australia split their two singles matches on Friday as the Davis Cup final got under way. Michael Stich fought back from a break down in the fifth set to outlast Jason Stoltenberg in the opening match, 6-7 (2-7), 6-3, 6-1, 4-6, 6-3. In the second singles, Richard Fromberg defeated Marco Kevin Goellner, 3-6, 5-7, 7-6 (9-7), 6-2, 9-7. Stoltenberg, ranked 44th in the world and a surprise pick instead of the higher-ranked Wally Masur, nearly justified his selection when he came close to upsetting Stich, the No. 2 in the world. But Stich, leading Germany's bid for its third title — and the first without Boris Becker — adjusted well to the red clay and came through in the end. "Jason made me work hard, he didn't make too many mistakes," said Stich, who won the ATP Tour World Championship in Frankfurt last month. "I probably played at about 70-80 percent of my ability." Stich, whose breakthrough record this season was 37-19 before the final, lost a rare one in the first set after going down 5-1. In the second set, Stich broke for a 3-1 lead. He then fired two aces to save two break points in the fifth game. The Australian saved one set point with an ace in the eighth game, but in the next game Stich handed two aces in succession to finish off the set. By then, the German was on a roll. He broke Stoltenberg twice and fought back from 0-40, saving three break points, to take a 4-0 lead in the third set. Stoltenberg finally held serve in the next game, but was broken again on his next serve and Stich was up 2-1. Following the customary 10-minute break after the third set in Davis Cup ties, Stoltenberg returned reinvigorated. He broke Stich for the first time in the match for a 2-1 lead and held on to even the score at two sets each. Stich led 40-0 on his serve in the first game of the decisive set, but Stoltenberg took the next five points to gain a break. But the German, who also needed five sets to beat Stoltenberg at the Australian Open in January, wasn't finished. A double-fault by Stoltenberg gave Stich the break in the fourth game and the German's game picked up from then on. He broke Stoltenberg again, for a 5-3 lead, and served out the match at love. "He made some mistakes that he hadn't made before and that changed the match around," Stich said of the fourth game in the fifth set. "Maybe he thought he'd already won it and had a little let-down." Stoltenberg said he had gone into the match giving himself a chance. "The rankings don't really matter in a Davis Cup final," he said. "I am pretty disappointed and frustrated, but I did my best," he added. "He lifted his game in the fifth set and that's why he is No. 2 in the world and such a great player." The Germans chose red clay as the surface for the best-of-five series, hoping that the Australians would be more uncomfortable on the slow clay than on other surfaces. "I won and that speaks for the decision to play on clay," said Stich, whose six titles this year came on all four surfaces. "That was a lot of hard work today," Stich added. "Fortunately, he got a bit nervous and made a few mistakes. After that I'm going for a hot bath, a nice dinner and a good sleep." Stich, who has never been beaten in a Davis Cup doubles match, joins with Patrick Kubnen to face Australia's Wimbledon champions, Todd Woodbridge and Mark Woodforde, in the doubles on Saturday. (AP, AFP, Reuters)

SCOREBOARD

Table containing NBA Standings, Major College Scores, and NHL Standings. Includes columns for team names, wins/losses, and game details.

SIDELINES

Italian Whitbread Yacht Is Missing SOUTHAMPTON, England (Reuters) — A search was launched Friday for the Italian entry in the Whitbread Round the World race, Brooksfield, after a distress signal was received from the vessel. Race organizers asked two other boats in the race, the French boat Maxi La Poste and the American vessel Winston, to turn back to search for Brooksfield after the Maritime Rescue Coordination Center in Canberra reported receiving the distress signal. Brooksfield, one of 14 entries, later failed to respond to a regular position report and to attempts to contact her, the organizers said. The Whitbread 60-class boat was sailing in winds of 35-40 knots and large seas at the time the distress signal was sent. Brooksfield's last known position was 2,000 miles (3,230 kilometers) southwest of Australia on the second leg of the race, from Punta del Este in Uruguay to Fremantle, Australia. Organizers said the nearest land was the Kerguelen Islands in the southern Indian Ocean, 427 miles to the west. Notre Dame's Taylor Top Lineman HOUSTON (AP) — The Notre Dame offensive tackle Aaron Taylor, accustomed to beating defensive linemen, did it again by winning the Lombardi Award as the nation's top college football lineman. He beat out three defensive players for the honor on Thursday — nose guards Sam Adams of Texas A&M and Rob Waldrop of Arizona and linebacker Derrick Brooks of Florida State. Taylor, 6-foot-4 (1.93 meters) and 299 pounds (135 kilograms), helped Notre Dame average 429.5 yards a game this season. He has started 29 straight games dating back to 1991. For the Record Leo Pagani, 83, who teamed with Vince Lombardi on Fordham University's Seven Blocks of Granite line in the mid-1930s, died Thursday in Rutherford, New Jersey. (AP) Mika Hakkinen of Finland, who replaced Michael Andretti for the final three races of the 1993 season, will lead the McLaren Formula One team's lineup in next year, the team confirmed Friday. Diego Maradona injured his left leg during an Argentine soccer league game on Thursday and is unlikely to play in a Dec. 15 exhibition against Germany in Miami and may be sidelined for a month, his team's doctor said Friday. (Reuters)

Table containing Soccer, Cricket, and Transactions sections. Soccer includes Spanish Supercup and Cricket includes a three-day match report. Transactions lists baseball trades.

P.S. I Love You By Manny Nosowsky. A crossword puzzle with clues and a grid. Clues include 'Lacked a herd mentality', 'Part of G.E. Abb.', 'Crime fighters' tactic', etc.

Herald Tribune Living in the U.S.? NOW PRINTED IN NEW YORK FOR SAME DAY DELIVERY IN KEY CITIES. Includes contact information for subscriptions.

INTERNATIONAL CLASSIFIED. A directory of international travel and service agencies. Includes sections for BELGRAVIA ORCHIDS, BELLE EPOCH, BARONNESS DE SILVA, ARISTOCATS, and MERCEDES.

DAVE BARRY

The Troubled Cow

MIAMI — It is pathetic but true that we Americans hardly ever think about agriculture. We walk into a restaurant and order a hamburger, and we rarely stop to ask ourselves: Where, exactly, did this hamburger come from? And did everybody involved wash his hands?

SHERIFF: But that's a perfectly legitimate veterinary procedure! MOB LEADER: He was palpating a BULL. SHERIFF: String him up. VOICES IN MOB: Let's palpate him first!

Meanwhile, out in Pinedale, Wyoming, we have a situation involving...

ARTISTS PAINTING ON COWS: You may have heard about this. Three artists got a \$4,000 grant, some of which came from the federal government, to paint words from a pioneer woman's diary on the sides of live cows. The idea was that the cows, with the words on their sides, would wander around and poop on symbolic representations of U.S. taxpayers.

No, seriously, the idea, as explained by one of the artists, was that the wandering cows would scramble the words so as to "create a new text." I think this is a terrific idea, and I believe that the government should seriously consider using wandering painted cows to generate the instructions for filling out federal tax forms.

Speaking of government action, it is clearly time to do something about...

COW-PART SPILLS IN MARIETTA, OHIO: I have here several issues of the Marietta Times, sent to me by an alert reader named Sheri Fiegle (really). These issues contain a series of front-page stories with large headlines such as "Dumped On Again!" and "New Spill No Joke!" concerning an epidemic of trucks spilling loads of cow parts on the highways in and around Marietta. There are some large, vivid color photographs, including one with a caption that says "Street Superintendent Richard 'Moose' Mayer removes cow parts from Washington Street."

"Cow heads and feet along Muskingum Road" [this one is directly over a headline that says "Clinton Works on His Image"]. I say the people who are doing this should be arrested and thrown into prison, unless of course it turns out that they are artists, in which case I say they should be given federal grants.

Knight-Ridder Newspapers

Edward Albee at 65: Ego and Equilibrium

By Mel Gussow

NEW YORK — Edward Albee is a thorn in the body theater. Through all the critical buffeting he has endured, he has survived with his ego and his equilibrium intact.

Unlike many of his talented contemporaries, he has never stopped writing, and a healthy sampling of his work, including a selection of premieres, is being presented in New York this season.

There is a yearlong festival of Albee plays at the Signature Theatre Company, and "Three Tall Women," one of his most recent works, opens in January at the Vineyard Theatre. Unafraid to state an intemperate opinion and, at 65, still writing plays exactly as he wants to write them, he retains his ironic sense of detachment. At the same time, by lecturing, teaching playwriting and serving as head of the U.S. chapter of the International Theatre Institute, he has become a theatrical elder statesman.

Thirty years ago he was the most acclaimed young playwright in America. His first full-length play, "Who's Afraid of Virginia Woolf?," earned the Tony Award and New York Drama Critics Circle award as best play of the year, and he would have won the Pulitzer Prize for Drama were it not for a censorious Pulitzer board.

Iconoclastic and infinitely enigmatic, the playwright was at the forefront of a wave of young writers who were energizing the American theater. Since then, Albee has won two Pulitzer Prizes and has suffered failure as well as success. He has not been on Broadway since 1983, when "The Man Who Had Three Arms" was treated like a felony.

While New York spurned him, his plays continued to be done with regularity in London and Vienna and at regional theaters. During his early Broadway years he lived in a Greenwich Village duplex, with cork-lined walls and an incipient art collection. For the last 15 years, he has lived in a spacious loft in Tribeca.

In his home, one cannot always differentiate the art from the objects, African and pre-Columbian sculpture and abstract paintings share a gallery-size environment with a Dogon granary door and an 18th-century French grain threshing. With three homes — the loft and houses in Montauk, New York, and Coconut Grove, Florida — Albee leads a life as comfortable as that of the Famous Amers playwright in his comedy sketch "FAM and YAM."

From Albee's perspective, his plays are all about "clings down," about people unable to fulfill their dreams. As for himself, he has few regrets.



The playwright in his Manhattan loft: "I don't get much indifference."

Sitting at a large, burnished coffee table (in its previous life, it was a Korean bed), he said that he had one lingering ambition. He would love to write a play under a pseudonym and have it produced without anyone knowing the identity of the real author. In other words, he would like to get a judicious hearing in a climate that he knows to be antipathetic to his work. That, he admitted, would be almost impossible. "At worst," he said, "I would be accused of imitating me."

Though the playwright is buoyed by the revival of interest in his work, he is wryly philosophical about the ups and downs of his career. Ever since his scorching debut with "The Zoo Story" in 1960, he has been a lightning rod. "I don't get much indifference," he explained. Instead he is struck by an "almost pathological hostility."

With a hint of a smile, he added, "And I'm such a nice guy — until crossed."

The playwright's underlying cynicism can be traced back to his unhappy childhood, as the adopted son of wealthy parents, Reed and Frances Albee. Despite the fact that he later reconciled with his adoptive mother, he still harbors bitter feelings about his upbringing in Larchmont, New York. He was especially dismayed by Frances Albee's habit, when

she was angry, of reminding him that he was adopted.

Following a series of Holden Caulfieldesque educational misadventures, he left home and moved to New York City, where he supported himself as a Western Union messenger. He also had income from a small inheritance provided by his maternal grandmother, his only ally in the family. Out on his own, he became "a free person," and after failed attempts at writing poetry, as a "30th-birthday present" to himself, he wrote "The Zoo Story."

That play drew upon his messenger experiences just as his other early one-act, "The American Dream," was a comic exaggeration of his own family life. A fact, he said, that his mother never recognized.

His plays have always had a strong autobiographical streak, but "Three Tall Women" occupies a special position as "a message of exorcism" about his mother. She was six feet tall and dominating, like the 92-year-old character at the center of the play.

"I was a very dutiful and good son, but she never quite approved of me or forgave me for walking out. When she died she almost completely cut me out of her will." His latest play, "Fragments," recently had its premiere in Cincinnati, and he has

an idea for a new play, which he plans to write next spring.

When he is writing, he does not think about "implications, metaphors and messages." The focus is on the reality of the characters, as he sees them. Otherwise, he said, "you start writing thesis rather than drama." About his body of work, he said, "I hope it's a continuing evolution rather than devolution."

Last year passed without a 30th-anniversary production of "Virginia Woolf" in New York. He still would like to see a revival with an actress of his choice as Martha: Kathy Bates or Celia Rowlands. He added, "My dream is getting closer."

In pursuit of his livelihood Albee has been forced to become peripatetic, directing his plays in various cities and spending every spring in Texas, where he is on the faculty of the University of Houston.

For his annual course in playwriting, he chooses a small class from 150 applicants, each of whom submits a play. The search is for those who "can contribute something to the theater as an art form." There are, he said, "quite enough writers whose goal is clearly the brass ring on Broadway, or writing screenplays in Hollywood."

PEOPLE

Newman-Redford Film? An Indecent Proposal

Paul Newman has an indecent proposal for Robert Redford. "For a million bucks, I'd sleep with him," Newman told a radio host who asked whether he would consider joining Redford in an "Indecent Proposal 2." In the thriller "Indecent Proposal," Redford plays a billionaire who offers a couple \$1 million for a night of sex with the wife. Newman's proposal came after Bob Wolf of PDPH in Poughkeepsie, New York, put out a "\$500 bounty" for the actor, hoping he would call in. Newman, filming in the area, obliged and asked that the money be given to a local hospital.

St. Norman Foster, who has designed buildings all over the world, has received the 1994 American Institute of Architects Gold Medal.

An armed man trying to take his manuscript to Jacqueline Kennedy Onassis was arrested in New Jersey. Gary Lee Higgins of Indiana drew suspicion by repeatedly asking for directions to the house of the former first lady, who was a book editor. When police pulled over his pickup truck, they found a handgun with six spent rounds and a box of bullets hidden under a pillow. Onassis was out of the state at the time.

Queen Elizabeth, the Queen Mother, sold a prize cow for slaughter, then urged a royal pardon to save it from the butcher's knife, according to its buyer. Safeway, "I think she had grown quite attached to it, and she suggested the heifer would be good for breeding," a spokesman for the supermarket chain said. Safeway plans to find a home for it in northern Scotland, where it was raised.

A Michigan jury has rejected a lawsuit that accused the talk-show host Sally Jessy Raphael of invading the privacy of a Church of Scientology member who was secretly taped. The suit sought \$72 million for Dorothy Dickerson, who said her comments, broadcast on the show in 1991, made her look foolish.

INTERNATIONAL CLASSIFIED Appears on Pages 4 & 7

Clinton

By Russell NEW YORK — Clinton is seen as a man who never gets a bit of credit from liberal press. Surely he is being fish a little applause reluctant to apply of all a middle-out. As a Rhoads knows enough his philosophy to the plight of the knee or otherwise. We are spent to ridicule on behalf of a label — an invites the w moronic, the whose ideas are ber hammers to A person who ridicule on behalf of a label — an invites the w moronic, the whose ideas are ber hammers to

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WEATHER

Weather forecast section including tables for Europe, Asia, Africa, North America, Middle East, and Latin America, along with a map of the United States and a forecast for Sunday through Tuesday.

POSTCARD

The Wardaburger and Other Secrets of a Texas Town

By Sue Anne Pressley Washington Post Service WARDABURGER, Texas — The new owners of the Warda Store, more accurately described as a store, post office, restaurant, game room and town lodge, know that most visitors will get around to asking: What's in the Wardaburger? Bill Lange isn't about to answer. "It's a souped-up burger," he said. "It has a reputation." But now it's also a secret shared by 34 families. They're the new bosses at the Warda Store. In a move unusual in these rather alienated times, the families pooled their savings and bought the store, which has anchored this farming community since 1874 and long served as its dispatch center for news of births, deaths and small scandals. When the previous owner decided to sell in May, the residents feared that the store might close or, in new hands, change unhappily into a quite different enterprise. No one wanted to drive to the nearest stop, 10 miles away, for bread or milk or some sandwich that could never compare with a Wardaburger. Within a few days, a meeting of the town's 200 residents was called — at the Warda Store, of course — and the families produced \$100,000.

Large advertisement for the International Herald Tribune featuring the headline 'A WEEK IN THE LIFE OF THE TRIB' and a grid of daily content including Monday Sports, Thursday Health/Science, and Pulp Fiction.

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